



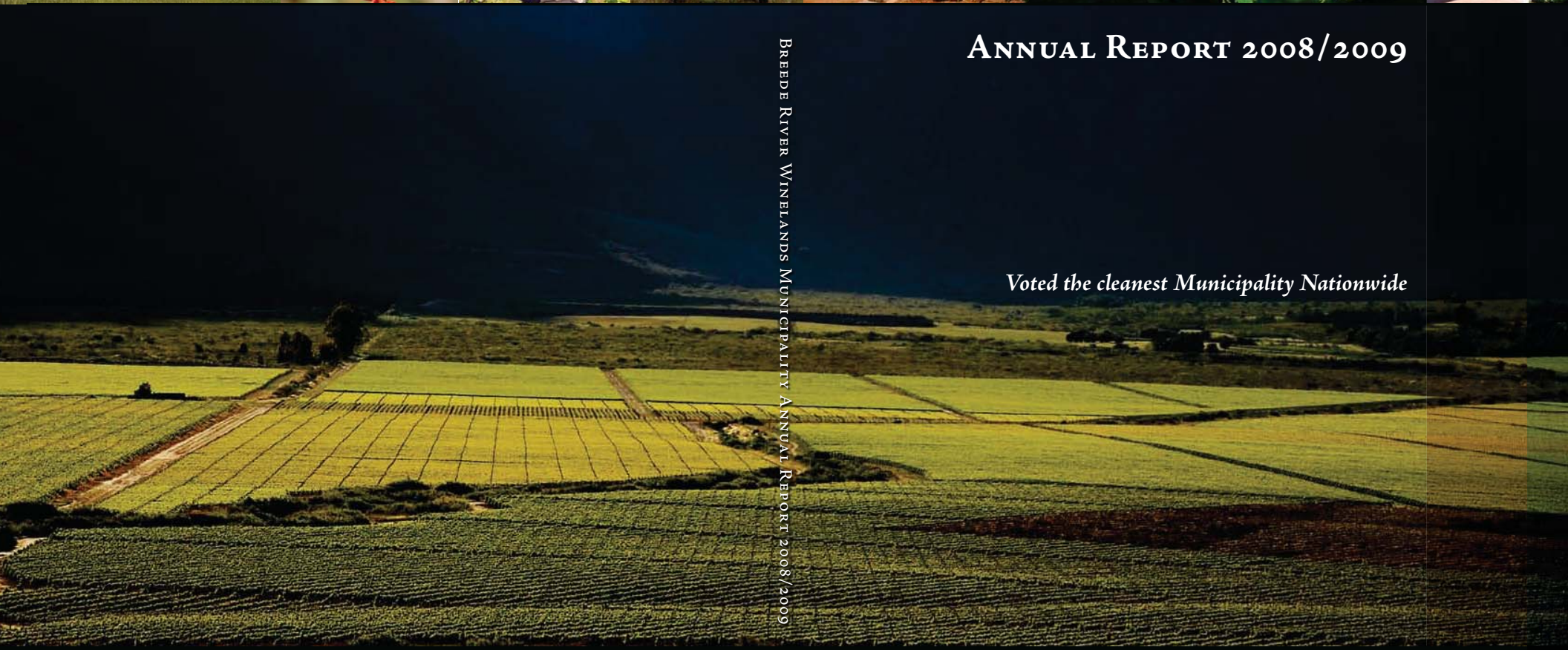
BREED RIVER WINELANDS MUNICIPALITY



ANNUAL REPORT 2008/2009

Voted the cleanest Municipality Nationwide

BREED RIVER WINELANDS MUNICIPALITY ANNUAL REPORT 2008/2009



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VISION

Together we strive for a unified, prosperous community where people are at the centre of development.

MISSION

Council will achieve its vision to:

- establish a good and transparent Local Government
- provide equal, sustainable and affordable services to all
- enhance cooperation between all relevant stakeholders through community participation processes
- established and improve social and economic development for all
- enhance sustainable environmental development



BREDE RIVER WINELANDS MUNICIPALITY

THE VALUE SYSTEM

The eight *Batho Pele* Principles include:

- **Consultation** – the public should be consulted about the level and quality of public services they receive and, where possible, should be given a choice about the services offered.
- **Service Standards** – the public should be informed what level and quality of public service they will receive, so that they are aware of what they can expect.
- **Courtesy** – the public should always be treated with courtesy and consideration.
- **Access** – all members of the public should have equal access to services they are entitled to.
- **Information** – the public should have accurate information about the services they are entitled to receive.
- **Openness and Transparency** – the public should be told how administrations are run, how much they cost and who is in charge.
- **Redress** – if the promised service is not delivered the public should be offered an apology, a full explanation, and a speedy and effective remedy; when complaints are made, the public should receive a sympathetic and positive response.
- **Value for money** – public services should be provided economically and efficiently, in order to give the public the best possible value for money.



BREEDER RIVER WINELANDS MUNICIPALITY

FOREWORD BY THE EXECUTIVE MAJOR



With the inception of the local government in 2006, the ANC promised the people of the Breede River Winelands/Langeberg municipal area an improvement of community services.

Yet housing still remains the biggest challenge in achieving the goal of a better life for all. Nevertheless, looking back two years down the line, greater strides have been made in addressing this problem. I am satisfied that each and every house hold now has running water, as well as sanitation in the municipal land. While we experience economic meltdown, certain towns such as Robertson is experiencing a boom in development and therefore also an increase in job opportunities.

Transformation was inevitable for the municipality as an organization in 2006 to meet the ever changing needs

of the inhabitants. I am therefore satisfied that we have almost achieving this goal. The unqualified audit opinion received from the Auditor-General in the last fiscal year made us proud and confident of our financial controls and management.

During the elections of 2009, the ANC promised to work together with the people and in doing so, it believes, a lot can be achieved. To this end we restructured and realigned our ward committees to reflect the constituency. Together with the ward councilors they champion the IDP processes and the PR Councilor substitute ward councilors as chairs of the ward committees. As an ongoing strategy to touch base, Mayoral Imbizos, Munithetha and radio interviews are a few of the initiatives, the municipality embarks upon, to communicate with the communities.

Councillor John Nkonyama
Executive Major



BREEDERIVER WINELANDS MUNICIPALITY

INTRODUCTION BY THE MUNICIPAL MANAGER



The 2008/9 financial year was yet another outstanding year for the Breede River Winelands Municipality (BRWM) with many great achievements and successes. The Municipality achieved high standards of quality service delivery resulting to service excellence awards being awarded to the Breede River Winelands Municipality BRWM.

The BRWM was presented with the Cleanest Town in the Western Cape award and was automatically entered into the national competition to compete with the winners in other provinces. In this competition we won the title of the Cleanest Town in South Africa. The prize money was R 1 000 000, which will be utilised to buy equipment for the recently built state of the art recycling plant in Zolani and the other waste minimisation initiatives that have been implemented by the municipality.

As stated previously, service delivery is the municipality's main focus, as we want to ensure that we create a better life for all our citizens. There are huge service delivery challenges but we are determined to deal with them with a well-orchestrated service delivery plan. The following are some of the service delivery projects that have already been undertaken:

1. Upgrade of Water Supply in Ashton

It is common knowledge that the quality of the water supply in the Ashton area was less than desirable, although it was safe for human consumption. During financial year under review this was upgraded and the quality of the water supply has substantially improved. This is only the first of a number of improvement projects that will be undertaken throughout the municipal area. We have a programme to upgrade the quality of the water supply in all towns within the jurisdiction of our municipal area.

2. Building of Reservoirs

We all know that certain areas of Montagu and Mc Gregor have been experiencing water problems. It is with this in mind that we have built two new reservoirs, one in Montagu and another in Mc Gregor in order to improve the supply of water in the affected areas.

3. Tarring of Roads

There are a high number of gravel roads in our municipal area, which results in inequity in service delivery. The municipal council decided that an annual allocation should be put aside in order to begin to deal with this challenge. During the reporting financial year we have tarred 2,078 km

of gravel roads as opposed to the 1,6 km we tarred in the previous financial year.

4. Electricity Upgrades

In order to ensure that the municipality meets with the demands of economic growth, it has awarded a R 18 000 000 contract to upgrade the main feeder in the Robertson area. A further allocation has been made to upgrade the Maximum Notified Demand with Escom in order to provide more capacity to factories that have applied to expand their production capacity.

5. Housing Delivery

After a long deliberation, the Provincial government has approved all our housing projects in Bonnievale, Zolani, Montagu, Robertson North and Nkqubela. These projects are now underway but we experienced problems with the contractor that was appointed to deliver the housing projects in Robertson North and Nkqubela. This necessitated us to cancel the contract and make use of small contractors within our municipal area. Whilst this approach is developmental and provides job opportunities for local contractors, it has its own challenges in many respects. Nevertheless, I am pleased to report that our intensive programme to provide housing opportunities for all is well underway.

6. Municipal Viability

It is important to report that the Auditor-General has just completed his audit of our financial statements and records. He has given us an unqualified audit opinion. Furthermore, despite the bad economic times we find ourselves in, our revenue collection has increased from 94.8% in 2007/8 to 97.5% during the 2008/9 financial year. Our cost coverage ratio has increased from 4.05 to 4.59 and the ratio of outstanding debtors in relation to the revenue has decreased from 14.18 to 10.7.

Integrated Development Plan (IDP)

The IDP is the municipality's key development strategy. It guides both the community and staff with regards to resource allocation in line with the developmental needs of each ward. The IDP will guide us all in effective planning and implementation of service delivery in such a way that the BRWM will be a unified and prosperous community where people will be at the centre of (the) development(s).

We are extremely proud of our achievements in 2008/9 and we will continue to grow from strength to strength in the coming years.

S.A. Mokweni

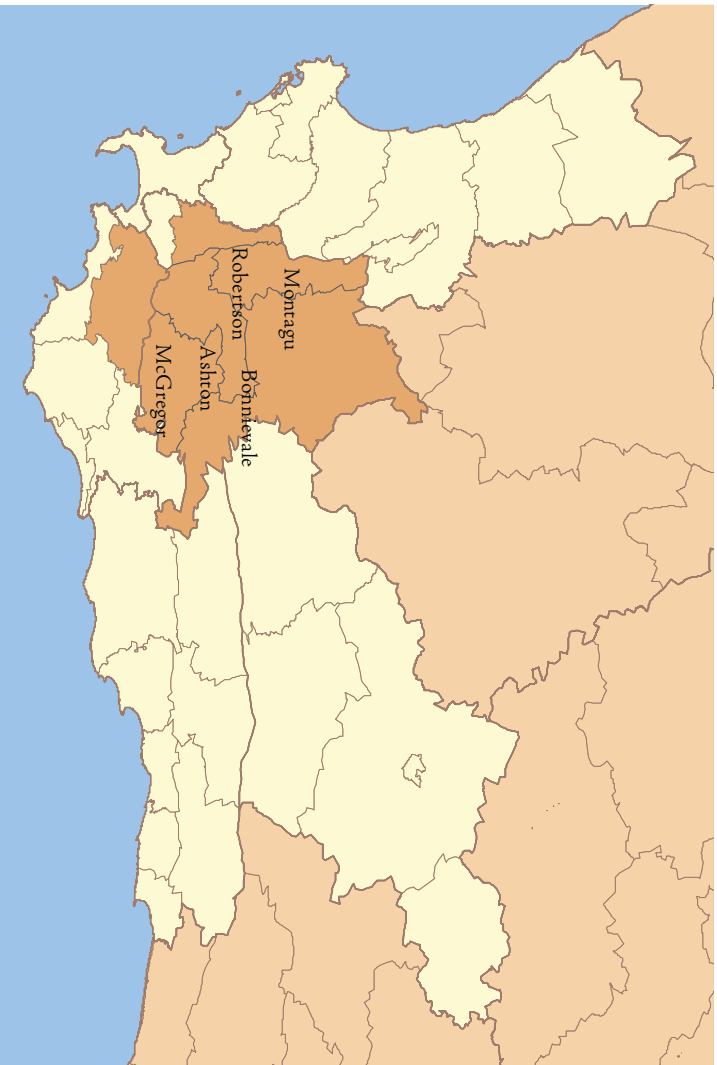
Municipal Manager

Chapter One

Overview of towns of the Breede River Municipality
Demographic Profile

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“The municipal area consist of 3 334,52 km² which includes the towns, Ashton, Bonnievale, McGregor, Montagu, Robertson and surrounding rural areas”

MC GREGOR

The village of McGregor was laid out in 1861, the population then totaling 50. In 1894 a village management board was established and in 1907 the village became a municipality. McGregor was originally known as Lady Grey, but the name was changed in 1905, to avoid confusion with Lady Grey near Aliwal North. It was renamed in honour of the Rev Andrew McGregor, who had been the Dutch Reformed Church minister of the Robertson District for forty years.

ASHTON

With the completion of the railway line from Worcester to the coastal regions in 1887, the trading post, Roodewal,

became a railway station, and shortly afterwards was renamed Ashton, in honour of Job Ashton, director and railway engineer of the New Cape Central Railways (Lrd). For several years the settlement consisted of only a railway station, warehouse, hotel, post office, butchery, a little school, one shop and a few houses. During 1939 and 1940 extraordinary growth took place with the opening of the Langeberg Co-operative, resulting in the farmland being divided into plots. Development received a further boost with the establishment of a second canning factory in 1949.

In 1956 Ashton gained municipal status.

BONNIEVALE

In 1902 a railway halt was constructed between Robertson and Swellendam and was called ‘Val’. In 1917 the halt received full status as a railway station and was then called Bonnievale. In 1922 a village management board was elected. The town received full municipal status in April 1953.

BREDE RIVER WINELANDS MUNICIPALITY



MONTAGU

Montagu, once known as 'Agter Cogman's Kloof', lies between the Keisie and Klingna Rivers. The only exit to the west was through Cogman's Kloof, and strong teams of horses or oxen were needed for the journey. John Montagu, the British Secretary of the Cape Colony based in Cape Town in the 1850s, envisaged the potential of the Cape Colony, but realised that it could never develop without efficient transport and communications. Montagu was aided by pioneering road engineers to create passes through the mountain barriers. Through his efforts, the country could be developed agriculturally and he became a popular figure. In Tribute to him the village was officially named Montagu in 1851 and he traveled there to 'baptize' the town.

It is not known when the springs were discovered, but early trekkers offer-followed the course of rivers and some camped in the vicinity of present-day Montagu. They drank the clear, strangely-flavoured water, found it wonderfully refreshing and traced its course through the kloof to where they discovered the hot springs. News of the healing waters spread quickly and many visitors began to visit the area. The springs form part of the now popular Montagu Baths.

ROBERTSON

Robertson was founded in 1853 and named after Dr Robertson, then pastor at Swellendam.

Robertson is one of the largest wine-producing regions in the Republic: its most famous product is dry white table wine. At the local KWV distillery there are 128 stills, which must make it the largest in the world. Another important industry is the factory of Food and Nutritional Products (Pty) Ltd., which manufactures condensed milk, among other products.

Because of the area's relatively low rainfall, there is intensive irrigation. About 25 km of irrigation canals, leading from the Brede River, carry water that is pumped by electricity as far as Montagu. Robertson is South Africa's first irrigation district.

Although the rural area is in extent much larger than the urban areas, the majority of the population reside in urban areas. As the agriculture sector is currently experiencing economic difficulties, it is envisaged that more people will move to 'be urban areas to seek employment. The spatial implication of this is that the residential need in the towns will increase with subsequent pressure on resources such as water and energy.

Land needs to be identified for small-scale farmers. The area is characterised by low rainfall and therefore water is a fairly scarce commodity. Currently, rural and urban uses compete for this commodity.

The Keisie is currently a major fruit-producing valley. However, the rural community is amongst the poorest in the region. Another challenge for the valley is sufficient water supplies to support any further development. Because the economy of the area depends largely on agriculture people are subject to seasonal income. Living standards are lowered to a large extent during the off-season. Problems within agriculture, such as the closure of production plants and factories, as well as surpluses in the wine industry, contribute to the poverty situation. The region's potential for tourism is well known and recent studies have highlighted various options for development in this regard. It forms part of the well-known Route 62.



CHAPTER ONE

OVERVIEW OF THE TOWNS OF THE BREEDE RIVER WINELANDS MUNICIPALITY

DEMOGRAPHIC PROFILE

Population (2001 Census survey):
The demographic profile of the Breede River/Winelands Municipal Area:

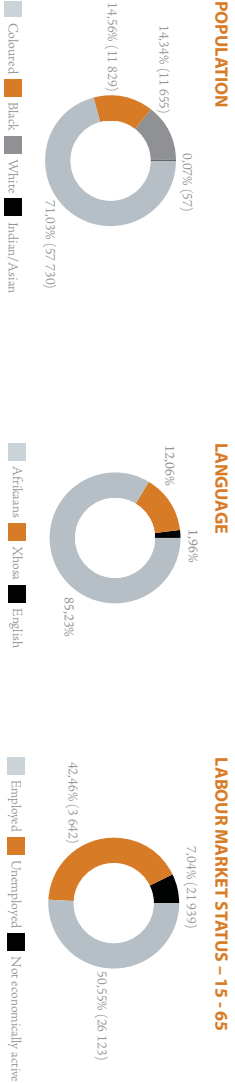


FIGURE 1 POPULATION

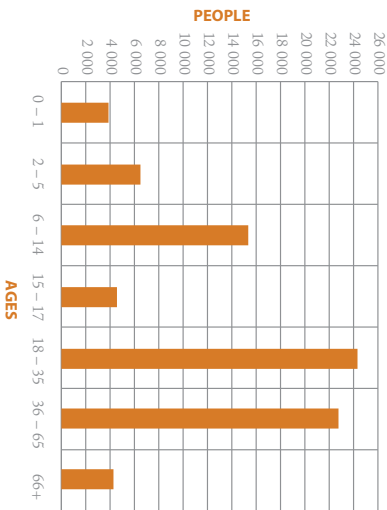
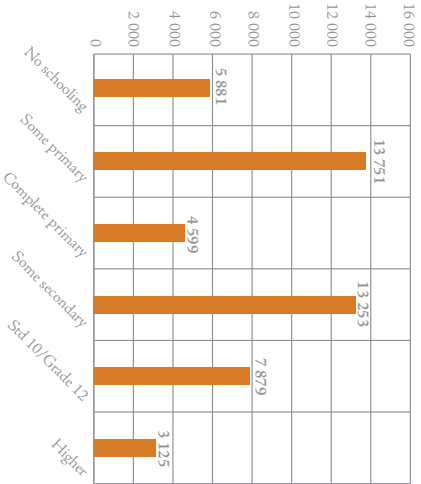


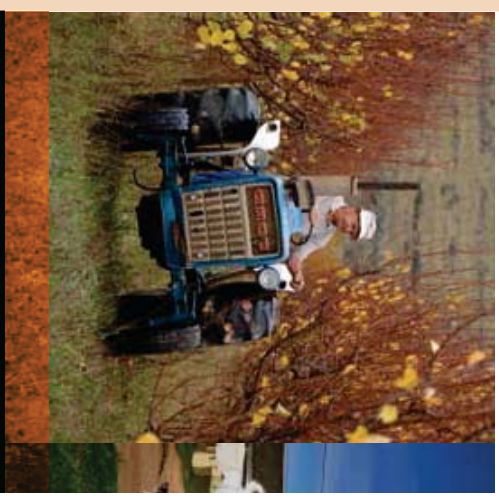
FIGURE 2 EDUCATION



Chapter Two

SERVICE DELIVERY HIGHLIGHTS

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CHAPTER TWO

SERVICE DELIVERY HIGHLIGHTS

The division and content of this chapter is derived from Key Performance Areas presented in the Guidelines for the Development of Municipal Section 46 Report 2006/07 Financial Years(2007) presented by the Department of Provincial and Local Government (DPLG). It also has taken into consideration the Performance Monitoring, Reporting and Evaluation: Outlook 2007-2011.

KPA 1: Municipal Transformation and Organisational Development

Filling of Section 57 posts

Breede River Winelands has a full staff complement at Section 57 level.

The Executive Management team behind the achievement of the municipality's strategic goals during 2008/09 is:

- Mr S A Mokweni – Municipal Manager
- Mr MJ Mhlom – Director Community Services
- Mr J de K Jooste – Director Infrastructure Development
- Mr CF Hoffmann – Chief Financial Officer
- Mr AWJ Everson – Director Corporate Services

Employment equity

Compared to 2007/08, there has been considerable improvement in employment equity landscape. Figures for Africans, Coloured, and Females have increased.

Table 1: Total Employment Equity statistics per directorate as of June 2009

DIRECTORATE	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	FEMALE	MALE
Infrastructure Development	62	159	0	38	259	20	239
Community Services	80	169	0	22	271	86	185
Finance Directorate	11	30	0	17	58	29	29
Corporate Services	7	13	0	8	28	19	9
Municipal Manager's Office	11	15	0	8	34	18	16
Total:	171	386	0	93	650	172	478



BREDE RIVER WINELANDS MUNICIPALITY



CHAPTER TWO

SERVICE DELIVERY HIGHLIGHTS

Table2: Employment Equity statistics per directorate as of June 2008

DIRECTORATE	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	FEMALE	MALE
Infrastructure Development	57	164	0	34	255	16	239
Community Services	65	161	0	22	253	66	187
Finance Directorate	9	16	0	20	45	24	21
Corporate Services	4	13	0	7	24	18	6
Municipal Manager's Office	9	17	0	7	33	19	14
Total:	144	371	0	90	610	143	467

Learnerships

- Five employees started with the Road Works Learnership.
- Twenty two employees started with the Water Works Learnership.

Municipal budget spent on implementing workplace skills plan.

Below is Information indicating the quantum of municipal budget allocated to skills development and percentage spent.

Table3: Municipal budget spent on implementing workplace skills plan.

FINANCIAL YEAR	BUDGET	EXPENDITURE	PERCENTAGE SPENT
2008/2009	580000.00	507926.00	88
2007/2008	580000.00	232147.00	45
2006/2007	490000.00	327906.00	67

Performance management system

Huge strides were made in implementing Performance Management at both organisational level and employee level.

- For the purpose of monitoring and evaluating the municipality's performance against the Service Delivery Budget and Implementation Plan, a corporate scorecard with high level objectives, indicators and targets was developed.
- Progress and performance against the scorecard was assessed every quarter and reported to Mayoral Committee and Council.
- Section 57 Performance agreements and Performance Plans were concluded in terms of the Municipal Regulations and were assessed on quarterly basis.
- For objectivity and fairness, a Performance Evaluation Panel/Committee was established to evaluate Section 57 Annual Performance
- A draft Performance Management Policy for non-Section 57 employees was developed.



KPA 2: Basic Service Delivery

Access to free basic services

Water and Sewage

- 100% Percentage of households with access to all basic household services;
- 100% Percentage of households with imputed expenditure of less than R1 100 per month have access to all free basic services
- To ensure sustainable supply of water, the 1050 metres and 1600 metres existing water networks in Robertson and McGregor were upgraded.
- The new reservoirs in Montagu and McGregor were built and now in operation.
- The existing sand filters at the purification plant were upgrading.
- 10 new standpipes in Bonnievale and McGregor were installed.
- The existing sewer networks in Robertson, including the connection of 180m new mains were upgraded.
- 10 new toilets in McGregor were built.

Electricity

- Robertson Main substation Phase 1 was upgraded at the cost of R7 200 000,00. The project will benefit all inhabitants of Robertson as well as the surrounding rural areas. This ensures that sufficient electrical capacity is available for economical development and housing developments
- The upgrading of the feeder protection Ashton Main substation was completed at a cost of R 265,000,00, to the benefit of the communities of Ashton, Zolani and surrounding rural areas

- To ensure compliance with national safety standards and sufficient supply capacity, the 11 kilo-volt and 400 volt feeders were upgraded, to the benefit of the inhabitants of rural area in Langverwacht, Bonnievale, Bonnievale town, Montagu town and Talana, Montagu.

- To improve energy savings, 126 streetlights and 500 lamps were replaced with more efficient lamps in Ashton, Bonnievale, Montagu, McGregor and Robertson.

Housing

- During the 2008/09 financial year, 84 of the subsidized low cost RDP houses were built against the target of 233. This was much lower than 280 houses build during 2007/08. Non payment of sub-contractors and the non compliance with the National Home Builders Registration Council (NHBRC) by a contractor resulted in the low delivery of houses. To mitigate the problem, the department will work closely with the NHBRC and cancel the contract with the said contractor and complete the project utilising emerging suppliers.
- the building of houses in Robertson infill sites

Swimming Pools

The municipality has two swimming pools in Robertson. Although there is no official record of the visitors making use of these pools, during the 2008/09 financial year, the municipality generated more than R127 093,27 in revenue. This is an increase from the R118 412,50 generated during the 2007/08 financial year. The department expended 99% of the R192 640,14 budget to complete the necessary maintenance work on the Dirkie Uys Street and Robertson North swimming pools.



Community Halls

The department allocated and spent R 277 000,92 to maintain the community halls and the maintenance work was 97% complete.

The target to build the new hall could not be met, due to the cancellation of the project because of an appeal against the building site.

Community Hall projects:

- 1. Upgrading of Happy Valley Library
- 2. Upgrading of Barnard Hall
- 3. Upgrading of Robertson Town Hall (Kitchen)
- 4. Painting of the municipal offices in Ashton.
- 5. Painting of the municipal offices in Robertson.

Town Planning

The determination of the 1/100 year floodlines of the Kingna and Keisie rivers (Montagu) and Hoeks and Houtbaais rivers (Mcgregor) were successfully completed to give adequate information to the public and Council regarding the possibility of floods in certain areas and other risks

Building plans: It is encouraging to note that the performance of our systems and processes improved significantly during the year. While this meant that we processed building plans more quickly, the number of building plans we received dropped as the level of building activity in the municipality decreased slightly. We processed all the building plans for developments under 500 sq m and gave feedback to customers within 30 days. We processed all building plans for developments over 500 sq m and gave feedback to customers within 60 days.

Table 4: Town Planning

CATEGORY	2006/2007	2007/2008	2008/2009
Building plans approved	637	678	542
Encroachments approved	88	64	64
Encroachments not approved	9	53	0
Building plans not approved	15	5	64

Roads:

The target of tarring 1600 meters of road was exceeded by the department and 2078 meters were tarred:

Table 5: Roads

STREETS TARRIED IN 2007/8		STREETS TARRIED IN 2008/09	
Sweatpea Street	57m,	Nel Street	184
Roosmaryn Street	121m	Hibiscus Street	178
Nonyawaza Street	205m	Slag Street	90
Nyamana Street	232m	Vioolgie Street	270
Rorwana Street	237m	Peperbos Street	223
Mabonbo Street	274m	Mimosa Street	117
Mpini Street	144m	Mafika Street	315
Ngonyana Street	28m	Populier Street	334
		Majola Street	282
		Buitekant Street	85
Total:	1298	Total:	2078

CHAPTER TWO

SERVICE DELIVERY HIGHLIGHTS

Disaster Management and Fire Services

- The Disaster Management Plan was revised within the legislated time-frame and included in the Integrated Development Plan.
- 100% of the Disaster Management Programme was implemented, the same achievement as in 2007/08.
- The department attained the average response time of 12.81 minutes to all fires incidents against the target of 40 minutes. This is a 2 minute improvement from the 2007/08, 14 minute response time.
- During the 2008/09 financial year, the department responded and extinguished all 172 reported fires compared to 179 fires in 2007/8 and the 168 fires during the 2006/07 financial year.

Bucket System Eradication

There are currently no bucket rollers in Breede River Winlands Municipality.

Indigent Policy implementation

Approximately 4 656 indigents were identified during the 2008/09 financial year, compared to approximately 4 668 indigents households identified during 2007/08.

Table 6: Indigents per town

	2007/08	2008/09
Robertson	1676	1532
McGregor	40	67
Ashton	1202	1184
Bonnievale	607	543
Montagu	1143	1330
Total	4668	4656

Outstanding amounts to the value of R 3 431 147,71 owed by indigents was written off during the 2008/09 financial year, compared to approximately R 374 996,95 owed in 2007/08.

KPA 3: Local Economic Development

Development and Implementation of LED strategies and plans.

Funding to the amount of R 896 100,00 against the target of R 1,3million for sustainable livelihoods or poverty alleviation project was received from provincial department of Social Development

LED department has successfully applied and received the Neighborhood grant of 12million rand for the development of neighborhoods in our area to attract investment and development to the townships to stimulate development

- SMME development was facilitated through the approval of seed funding application for the following businesses;
- Babalwa's B&B - Nkqubela
- Scheepers' Car Wash - Ashton
- Yvonne's Catering - Ashton
- Omega International Events - Robertson
- Naomi Services - McGregor
- Nigel Keith Printing - Ashton

CHAPTER TWO

SERVICE DELIVERY HIGHLIGHTS

- Roseline's B&B - Bonnievale
- Umhlobo & Fun Adventure Tours - Robertson
- Lingeletu cash store - Nkqubela
- Van Ensland Catering - Robertson
- Zolani B&B - Zolani

In the municipality, the programme set a target of providing employment opportunities and training through the labour-intensive Municipal Infrastructure Grant and Breede River funded infrastructure projects.

- Seven training programmes were implemented; in snail harvesting, bakery and confectionary training, jam and pickled vegetable manufacturing, as well as in rendering and business skills.

• Breede River Winelands Municipality had four medium to large scale infrastructure and labour-intensive projects.

- There was an increase in the number of jobs created through the EPWP during the 2008/09 financial year with a total of 376 jobs created compared to the 369 jobs created in the 2007/08 financial year.

- Number of jobs created through infrastructure capital projects:
- The township cleaning program interventions created temporary employment for a total of 376 unemployed persons of which 166 are female and 210 male.

Expanded public works programme (EPWP)

The EPWP is one of Breede River Winelands Municipality's initiatives to bridge the gap between the growing Winelands economy and the large number of unskilled and unemployed people who have yet to fully enjoy the benefits of economic development in the area.



KPA 4: Municipal Financial Viability and Management
Financial viability

Breedre River Winelands Municipality measures and monitors its financial viability using general key performance indicators prescribed by Section 43 of the Municipal Systems Act No. 32.

Table 7: Financial Viability

	NKPI	BASELINE(07/08)	TARGET (08/09)	ACTUAL (08/09)
Recover of debtors		94,8%	97%	97,5%
Debt coverage		31,10	>= 20	26,74
Cost coverage		4,05	>= 4	4,59
Outstanding debtors in relation to revenue		14,18%	<=10%	10,70%

Figure 3 Cost coverage

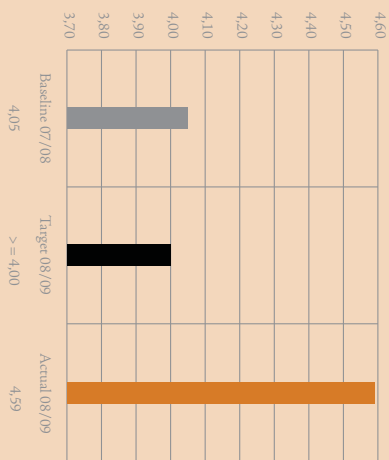


Figure 4 Debt coverage

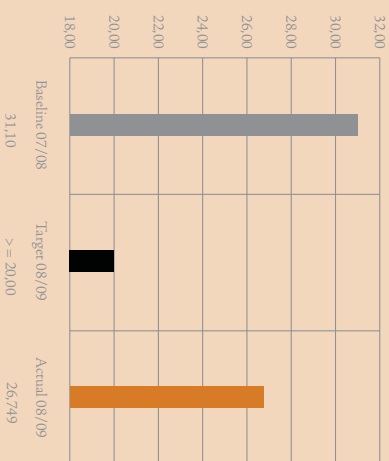


Figure 5 Recovery of debtors

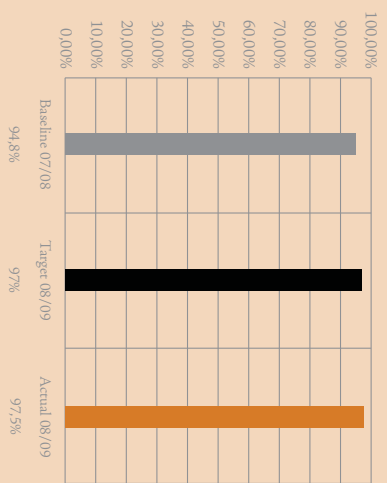


Figure 6 Outstanding debtors in relation to revenue

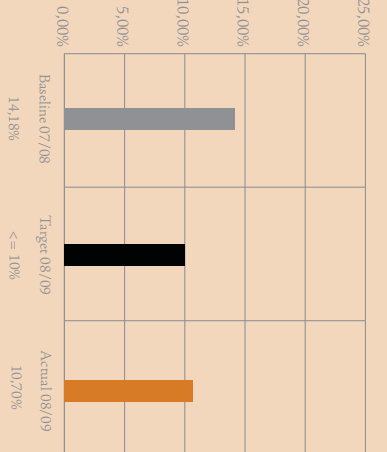


Table 8: Municipal budgets, expenditure and revenue sources

	% VARIANCE BETWEEN ACTUAL & BUDGETED EXPENDITURE	VARIANCE	BUDGET	ACTUAL
Revenue	7.48%	18 614 488	249 004 264	267 618 752
Operating Expenditure	5.03%	13 305 604	264 576 952	251 271 348
Capital Expenditure	23.82%	14 493 978	60 845 900	46 351 922

Figure 7

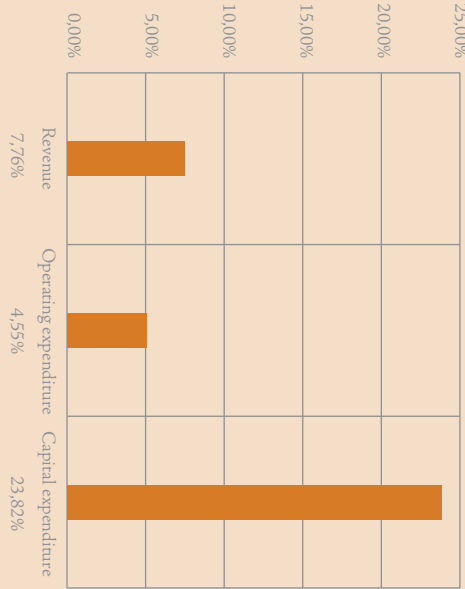
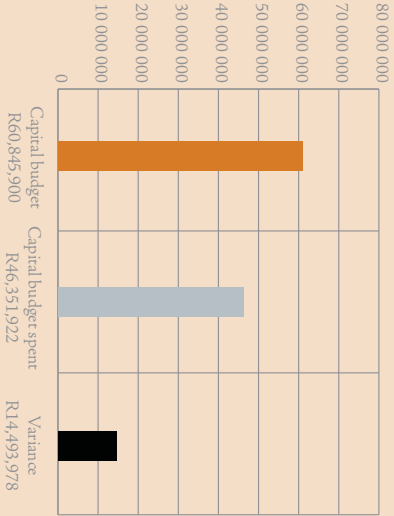


Figure 8 Capital expenditure by the Municipality



CHAPTER TWO

SERVICE DELIVERY HIGHLIGHTS

Table 9: Compliance with MFMA

KEY PERFORMANCE AREAS	BASELINE 2007/08	TARGET 2008/09	ACTUAL 2008/09
Compiling financial statements complying with MFMA and GRAP	31st August 2007	31st August 2008	31st August 2008
Compiling a medium term budget for 2009/10	18th March 2008	31st March 2009	24th March 2009
1st approval			
Determination of tariffs for approval by Council	27th May 2008 2nd approval 30th June 2008	31st May 2009	1st approval 22nd May 2009 2nd approval 30th June 2009
Submission of financial reports in terms of MFMA	Within 10 working days of month end	Within 10 working days of month end	Within 10 working days of month end
Implement measures to ensure an unqualified audit report	Unqualified audit report	Unqualified audit report	Unqualified audit report through budget control, correct journal entries, capturing all new assets and bar coding of all movable assets and reconcile financial information in the annual financial statements.
Verification of the Asset Register with the General Ledger	Asset Register = General Ledger	Asset Register = General Ledger	Asset Register = General Ledger
Perform a physical asset count whereby all movable assets are scanned and compared with the asset register	1st March 2008 – 16th May 2008	1st January 2009 – 30th April 2009	21st January 2009 – 3rd April 2009



CHAPTER TWO

SERVICE DELIVERY HIGHLIGHTS

KPA 5: Good Governance and Public Participation

Ward committees

The council has ten (10) fully function and effective wards and they are appointed for a period of two (2) years. Each ward committee has approximately ten members.

Table 10: Ward committees

WARD COMMITTEE	CHAIRPERSON
Ward 1, Robertson	Cllr J D Burger
Ward 2, Robertson (Nkqubela)	Cllr S W Nyamana
Ward 3, Robertson	Cllr M Carelse-Snyman
Ward 4, Bonnievale (Happy Valley)	Cllr E Vollenhoven
Ward 5, McGregor	Cllr G Fielies
Ward 6, Montagu (Ashbury)	Cllr M W H du Preez (Speaker)
Ward 7, Montagu	Cllr J Thomson
Ward 8, Bonnievale	Cllr S W van Eeden
Ward 9, Ashton	Cllr J Adams
Ward 10, Ashton (Zolani)	Cllr N E Mpokoye

Ward Based Planning:

Breedee River Winelands municipality has an effective ward based planning, that ensure participation and involvement of communities and the municipal budget process. These are ward based budget and projects:

Table 11: Ward committees

WARD	PROJECT	BUDGET
1	Erection of a new play park in Alberta Street, Môreson	R 59 000.00
2	Office for Ward Councillor/Ward Committee	R 59 000.00
3	Upgrading of an existing play park in Dorpsig	R 59 000.00
4	Upgrading and fencing of an existing play park in Leeubekkie Street, Happy Valley	R 59 222.00
5	Erection of braai stands and toilet facilities at the town entrance	R 60 900.00
6	Erection of a new play park in Ashbury, Cedar Avenue	R 70 000.00
7	Upgrading and fencing of an existing play park in Du Preez Street	R 65 000.00
8	Erection of neat benches and refuse bins in Bonnievale Main Road	R 63 850.00
9	Grant in Aid to Silver Threads Association in Ashton for building a (service centre) for elderly people over weekends	R 59 000.00
10	Erection of an arts and crafts centre along the R60 Road	R 59 000.00



Deployment of Community Development Workers:

The Breede River/Winelands Municipality has embraced the use of effective CDW's to strengthen participative democracy in the municipality.

Table 12: Deployment of Community Development Workers:

NAME OF CDW	WARD	AREA
Lucretia Jansen	Wards 9, 10	Zolani + Ashton
Charmain Swanepoel (2 wards)	Wards 6, 7	Ashbury + Montagu
Lindiwe Kahla	Ward 8	Bonnievale
Pieter Korfe	Ward 4	Happy Valley, Bonnievale
Octavia Liemans (3 wards)	Wards 1,2,3	Nkqubela + Robertson
Johannes Jansen	Ward 5	McGregor

Intergovernmental relations

The municipality participated in the following International, National, District Intergovernmental Relations forums;

- District coordination meetings.
- Provincial advisory form (PAF) and PAFTECH
- ID campaign with Independent Electoral Commission
- Integrated Development Planning forum with Cape Winelands District Municipality in November 2008 and February 2009
- District Disaster management forum
- Twinning agreement with Rheden Municipality in the Netherlands. This exchange focused on Activity Based Costing within Waste Management and technical exchange on GAP Housing.
- University of Utrecht visited Breede River Winelands Municipality to provide support in the Waste Management.

Anti-corruption

An anti-fraud policy has been approved by Council while the anti-corruption strategy will be addressed during 2009/10



IDP Imbizo

In order to give all roleplayers, especially the 10 Ward Committees and the residents of all the wards, all sectors in the municipal area the opportunity to make contributions with regard to developmental needs, a series of meetings were planned on the following scheduled dates.

Table 13: IDP Imbizo

WARD	AREA	DATE	TIME	VENUE
1 & 3	ROBERTSON	Monday 6th October 2008	19h00	Robertson Community Hall
2	NKQUBELA	Tuesday 7th October 2008	18h00	Nkqubela Community Hall
4	BONNIEVALE	Wednesday 8th October 2008	19h00	Happy Valley Community Hall
5	MCGREGOR/ ROOIBERG	Thursday 9th October 2008	19h00	VGK Church Hall
6 & 7	MONTAGU	Monday 13th October 2008	19h00	Montagu Community Hall
8	BONNIEVALE	Tuesday 14th October 2008	19h00	Chris van Zyl Hall
9	ASHTON	Wednesday 15th October 2008	19h00	Barnard Hall
10	ZOLANI	Thursday 16th October 2008	18h00	Zolani Community Hall



CHAPTER TWO

SERVICE DELIVERY HIGHLIGHTS

Budget Imbizo: 2009/2010

During March/April 2009 information meetings in all 10 wards were held. CDW's assisted in the distribution of flyers and loud hailing with the Traffic Department in all 10 wards. All interested organisations and individuals of all sectors were invited to attend the abovementioned scheduled meetings per ward.

Table 14: Budget Imbizo: 2009/2010

DATE OF MEETING	WARD	VENUE	TIEM	DIRECTOR RESPONSIBLE
25 March 2009	9	Barnardsaal, Ashton	19h00	Director Corporate Services
26 March 2009	6 & 7	Wilhelm Thyslaansaal, Montagu	19h00	Director Community Services
30 March 2009	5	Ou Gym, McGregor	19h00	Director Corporate Services and the Chief Financial Officer (CFO)
1 April 2009	8	Chris van Zylsaal, Bonnievale	19h00	Director Infrastructure Development
2 April 2009	4	Happy Valley Gemeenskapsaal, Bonnievale	19h00	Director Infrastructure Development
6 April 2009	1 & 3	Gemeenskapsdaal, Droë Heuwel, Robertson	19h00	Chief Financial Officer (CFO)
7 April 2009	2	Nkqubela Gemeenskapsaal, Robertson	19h00	Municipal Manager
8 April 2009	10	Zolani Gemeenskapsaal, Ashton	19h00	Municipal Manager



CHAPTER TWO

BREEDER RIVER CORPORATE SCORECARD 2008/09 (ACTUAL PERFORMANCE AS AT 30 JUNE 2009)

Table 15: Corporate Scorecard

KEY PERFORMANCE AREAS	No	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	
1. Provide Sound Financial Management, Viability and Sustainability	1.1	% Percentage Capital Budget spend	95%	
	1.2	% Percentage Operating Budget spend	95%	
	1.3	% Revenue collection of the amount billed	97%	
	1.4	% Percentage completion of the Annual Asset Verification Process	31-May-09	
	1.5	Compliance with all financial legislation and policies	Number of unresolved Comafs	
	1.6	Compilation of Financial Statement	GRAP Financial Statements	
	1.7	Compile and table a credible and responsive Annual Budget	May-09	
	1.8	Turn around-time of procurement processes from due-date from tenders as per advertisement	6 weeks	
	1.9	Rand Value spent on SMME's and HDI	to be determined	
	1.10	Number of SMME and HDI utilised	to be determined	
	1.11	Number of Local Suppliers utilised	to be determined	
	1.12	% Percentage of inventory stores centralised by June 2009	100%	
2. Create an enabling environment for economic growth and competitiveness.	2.1	Completion of the land audit	100%	
	2.2	Facilitate and stimulate Economic Development	5%	
	2.3	(R) Rand value of direct investment	R100 000 000	
	2.4	Number of direct and indirect job opportunities created (incl EPWP)	500	
	2.5	% Percentage implementation of the LED strategy	100%	
3. Provide Basic Services to Communities	3.1	Number of households with access to: water, sanitation, solid waste, electricity	100%	
	3.2	% Percentage completion of the comprehensive Energy Plan with objectives, programmes, projects and targets	100%	
	3.3	% Percentage implementation of the Energy Savings Plan	100%	
	3.4	% Percentage Reduction in Energy Consumption	<10%	
	4.1	# Number of Km of new road tarred/developed	16km	
4. Provision and maintenance of public infrastructure and bulk services	4.2	% Percentage of the road repairs and maintenance budget spent	100%	
	4.3	% Percentage of Robertson 66/11KV Main Substation upgraded (Phase1)	Project phase completed	
	4.4	Completion of the sanitation networks upgraded	100% DWAF standards	
	4.5	Completion of McGregor and Montagu (Ashbury) reservoirs	100%	
	5.1	% Percentage completion of the Housing Strategy/Policy review	100%	
5. Provide housing opportunities and Land Use Management	5.2	# Number of housing opportunities (Low cost and infl) Project	350	

CHAPTER TWO

BREDE RIVER CORPORATE SCORECARD 2008/09 (ACTUAL PERFORMANCE AS AT 30 JUNE 2009)

RESP OFFICIAL	ACTUAL PERFORMANCE AS AT 30 JUNE 2009	RATING	REASON FOR VARIANCE	CORRECTIVE ACTION
CFH	76,26%	◆◆◆◆◆	Only 51% of the housing budget has been spent	
CFH	93,40%	◆◆◆◆◆		
CFH	97,65%	◆◆◆◆◆		
CFH	The annual asset process has been completed and the report has been provided in July 2009 to Council	◆◆◆◆◆		
CFH	There is currently no unresolved audit queries (Coma's)	◆◆◆◆◆		
CFH	Financial statements adjusted during audit-process to comply with GRAP standards	◆◆◆◆◆		
CFH	Annual budget as approved by Council on 22 May 2009 is regarded as credible and responsive by Provincial Treasury	◆◆◆◆◆		
CFH	2 to 8 weeks (one exception of 27 weeks)	◆◆◆◆◆	Long period until report is provided to evaluation committee	
CFH	R 6 571 188	◆◆◆◆◆		
CFH	260	◆◆◆◆◆		
CFH	349	◆◆◆◆◆		
CFH	No suitable candidates applied for the post. Internal candidate will be appointed and trained as St Storeman after the organizational structure has been approved.	◆◆◆◆◆		
AE	Completed	◆◆◆◆◆		
	Led projects 1 Establishment of 2 community bakeries 2 Acquiring 12million from the NDPG. 3 Business training programmes for smmes 4 tourism development training for local Entrepreneurs	◆◆◆◆◆		
	R242813492	◆◆◆◆◆		
	1210 jobs were created in total: 1. Civil Eng east 821 2. Civil Eng west 211 3. Nkqubela Bakery renovations 13 4. Township cleaning project 165	◆◆◆◆◆		
DVS P Salman	1 liaised with various departments at District and provincial level to collaborate in rolling out 1 skills development 2 smme development 3 interventions to mitigate the seasonality of employment in our region 4 interacted with a number of businesses locally to in an attempt to create a dedicated mechanism to engage busineses to prevent the flight of busineses from our area	◆◆◆◆◆	A presentation had to prepared in which all departments will be se sensitted as to their/ respective roles in implementing the led strategy	
P Salman		◆◆◆◆◆		
	95%	◆◆◆◆◆		
JR	30%	◆◆◆◆◆	Awaiting final detail on Power Conservation Programme from National Government	Will be finalized when National Power Conservation Programme is implemented
JR	100%	◆◆◆◆◆	Street lighting are being changed to energy efficient lights. Load control are done on hot water cylinders	Funds needed to extend energy efficient projects to consumers
JR	6,26%	◆◆◆◆◆	Extreme hot weather conditions caused an increase in irrigation and cooling	Make consumers more aware of energy conservation by means of communication campaign
MU	2,078km	◆◆◆◆◆		
MU	100%	◆◆◆◆◆		All materials was ordered and 66 kV switch- green was delivered. The 11 kV switchgear will be delivered in August 09 and the 66 kV Transformer in November 09.
JR	Phase 1: 100% completed	◆◆◆◆◆	Manufacture of switchgear and trans- former indicated a delay in delivery.	
MU	100%	◆◆◆◆◆		
MU	100%	◆◆◆◆◆		
JJ	100% completed only need to workshop with middle and top management and councillors	◆◆◆◆◆	Discussed with Mr Van Rooyen and Mr Nel	Contractor been given an ultimatum, failing which might lead to the termination of the contract. Thereafter Mr Jooste and Mr Mokuwen will work on Plan B
JJ	Nkqubela: foundations(9) wallplates(88) roofs(76) complete(66) igloo foundations(28) wallplates(18) roofs(18) complete(18)	◆◆◆◆◆	igloo houses: 11 foundations, 8 houses to roof height, 6 houses with roofs, 4 houses with roofs fitted, 2 brick work under construction In Nkqubela 28 foundations, 17 houses to roof height, 1 house with roof and 7 brick work under construction.	

Red= Not achieved, Orange=Pending, Green=Achieved

CHAPTER TWO

BREDE RIVER CORPORATE SCORECARD 2008/09 (ACTUAL PERFORMANCE AS AT 30 JUNE 2009)

KEY PERFORMANCE AREAS	No	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	
	5.3	% Completion of Rezoning of Land and identify partners for GAP/Developer Housing Initiative	100%	
	5.4	# Number of existing housing stock transferred to legal beneficiaries	500	
	5.5	Identify land for housing opportunities and complete classification of land into, residential, business, and land reform	100%	
	5.6	% Percentage of building plan applications finalised within statutory timeframes (30 days)	95%	
	5.7	% Percentage of rezoning application for business licences finalised within 2 months (where no objection or appeal has been lodged)	95%	
6. Provide Safety and Law enforcement	6.1	% Percentage completion of the Turning Circle at Ashton testing station	100%	
	6.2	# Number of road safety programmes in schools	4	
7. Provide Disaster Management services	7.1	Revise Disaster Management Plan	30-Jun-09	
	7.2	% Percentage completion of Fire Protection Plan	100%	
	7.3	Response time to all fires incidents	<14minutes	
8. Provide Community Recreational and Sports facilities	8.1	% Percentage completion of the New McGregor community Hall	100%	
	8.2	% Percentage of Halls maintained to defined and acceptable standards	100%	
	8.3	% Percentage increase in the utilisation rate of facilities, Community Halls and Sports Grounds	5%	
	8.4	Number of sporting activities for youth	10%	
9. Provide Environmental Services	9.1	% Percentage completion of Recycling Station	100%	
	9.2	Household receiving once a week waste removal	100%	
	9.3	Projects implemented to maintain cleanliness of the municipality	80%	
10. Ensure Organisational Transformation, capacity and good corporate governance	10.1	Development and implementation of the Individual Performance Management system	30-Jun-09	
	10.2	Implementation of the fraud prevention plan	100%	
	10.3	Deliver effective corporate communications	Annual Report, 4 Newletters, Events Coordination (2), Corporate Branding	
	10.4	Compliance to Employment Equity Plan in terms of new appointments	Compliance to EE	
	10.5	Compliance with WSP and % spent on training and development budget	Compliance to WSP	
	10.6	Compile database of accredited training service providers.	2nd Quarter	
	10.7	Number of Human Resource Policies reviewed/ revised	8	
	10.8	Finalisation of functional delegation for management below Municipal Manager	30-Jun-09	
	10.9	Conduct labour relations training (prosecutor training) for line managers	30-Jun-09	
	10.10	Number of budgeted vacancies filled within two months turn-around time.	all	
	10.11	Conduct employee climate/culture survey	30-Jun-09	
	10.12	% Percentage community satisfaction with municipally services	93%	
	10.13	% Percentage improvement in positive employee climate (moral) as measured by Employee Satisfaction Survey	41%	

BREDE RIVER CORPORATE SCORECARD 2008/09 (ACTUAL PERFORMANCE AS AT 30 JUNE 2009)

	RESP OFFICIAL	ACTUAL PERFORMANCE AS AT 30 JUNE 2009	RATING	REASON FOR VARIANCE	CORRECTIVE ACTION
	J V Brand	Tender advertised for erf 2 - Closing date 11 September 2009	◆◆◆◆	Erf 2 Robertson 136 Nqabuela must first complete EIA regulations	
	Wilson	315	◆		
	J V Brand	Additional land in Ashton has been identified - Must be advertized, ROD to be issued in McGregor ± November 2009	◆		
	J V Brand	Finalized Building Plans in total 139	◆	This do not include private developments and only apply to building plans <500 m², Finalised (not approval) on our side within two months but also keeping in mind that other organisations may take up to 3 months to give any feedback before approval can be granted.	
	J V Brand	Only 1 plan finalized 1 day after 30 day timeframe	◆		
	J V Brand	95%	◆		
	JM	Funds re-allocated to upgrading of Robertson Traffic Centre - Project and Funds 85% completed.	◆		
	JM	4 Projects running for schools in the total Breede River Wineands Municipal area (reflective bands, patrol, traffic education and licensing (Province).	◆		
	JJD	100%	◆	100%. Plan submitted to IDP.	
	JJD	100%	◆	100%.	
	JJD	100% (See monthly report) Average 12,64 for the period. Shortest response time: 2 minutes (Main Road, Ashton), longest: 47 minutes (Mountain Fire Lavender Creek).	◆		
	S Kotzé	0%	◆	Project could not continue due to appeals against identified site	
	S Kotzé	100%	◆		
	S Kotzé	5% (community halls)	◆		
	DB	10%	◆	10%: Sporting activities reflected on monthly reports.	
	DS	92%	◆	Awaiting funding from CWD/M: already approved.	
	DS	100%	◆		
	DS	82%	◆	Contractors completed contracts on the 26th June 2009.	
	AE	Tenders were invited. After consideration it was decided not to appoint a consultant but to proceed inhouse.	◆		
	CFH	Fraud prevention plan has been approved by Council. An anti-corruption strategy, which include the roll out of the Fraud prevention plan, will be provided to Council	◆		
	CM	3 Newsletters have gone out.	◆	The 4th one is problematic since tax clearance could not be received from the relevant companies.	
	AE	61,70%	◆		58% of the appointment of general workers were not done in terms of the EE Plan
	AE	100%	◆		
	AE	Actual must be the date of completion not 80%	◆		Awaiting the database from LGSETA
	AE	8	◆		
	AE	Completed	◆		
	AE	12	◆		
	AE	All (except 6)	◆		e.g SNR Planning Technician, Ass Manager Training, Legal Advisor etc. were advertised more than once, no appointments made and headhunting is being done
	AE	the survey not complete by June 2009	◆		
	AE	64% (Internal Survey)	◆		
	AE	Result Pending	◆		

Chapter Three

PERSONNEL SERVICES

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PERSONNEL SERVICES

The Personnel Services form an integral part of the Corporate Services and Breede River Winelands Municipality. It is therefore important that this section be managed in a professional and efficient manner. The department is responsible for the following key areas:

Recruitment and Selecting

During the 2008/09 financial year, the municipality made one hundred and forty (141) appointments compared to sixty eight (68) new appointments in the 2007/2008 financial year. Representation regarding the appointments is as follows:

Table 16: Recruitment and Selecting

CATEGORY	TARGET 2007/08	ACTUAL 2007/08	TARGET 2008/09	ACTUAL 2008/09
Coloureds	50%	52%	50%	56.7%
Africans	30%	36%	30%	35.5%
Whites	20%	12%	20%	7.8%

Table 17: New Appointment per Employment Equity categories:

DIRECTORATE	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	FEMALE	MALE
Infrastructure Development	14	25		5	44	6	38
Community Services	21	28		2	51	25	26
Finance Directorate	4	13		1	18	7	11
Corporate Services	3	4		1	8	5	3
Municipal Manager's Office	8	10		2	20	12	8
Total:	50	80	0	11	141	55	86

One of the main stumbling blocks is a shortage of applicants to fill the following posts of electricians and technical engineers. A head-hunting recruitment process is followed if suitable candidates can not be found and placed in the municipality. Where possible, members of the community are appointed.



BREED RIVER WINELANDS MUNICIPALITY



CHAPTER THREE

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

Unemployment is a major concern and by appointing people from the local community, the municipality attempts to help reduce the unemployment rate. In this financial year 93,7% of the appointments came from within the Brede River Winelands area.

Vacancy Rate

It is difficult to determine the vacancy rates for each level in the organisation due to the absence of systems to track the information. However, below is the information relating to job vacancies per category.

Table 18: Vacancies per Job Category

DIRECTORATE	TOTAL	LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	CLERKS	TECHNICIANS AND ASSOCIATE PROFESSIONALS	CRAFT AND RELATED TRADES WORKERS	ELEMENTARY OCCUPATIONS
Infrastructure Development	25	2	0	5	9	9
Corporate Services	3	1	1	1	0	0
Finance Directorate	6	2	2	1	1	0
Community Services	22	2	1	5	2	12
Municipal Manager's Office	9	2	4	3	0	0
Total:	65	9	8	15	12	21

Employment Equity

Table 19: Total Employment Equity statistics per directorate as of June 2009

DIRECTORATE	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	FEMALE	MALE
Infrastructure Development	62	159	0	38	259	20	239
Community Services	80	169	0	22	271	86	185
Finance Directorate	11	30	0	17	58	29	29
Corporate Services	7	13	0	8	28	19	9
Municipal Manager's Office	11	15	0	8	34	18	16
Total:	171	386	0	93	650	172	478

CHAPTER THREE

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

Employment Equity

Table 20: Total Employment Equity statistics per directorate as of June 2008

DIRECTORATE	AFRICAN	COLOURED	INDIAN	WHITE	TOTAL	FEMALE	MALE
Infrastructure Development	57	164	0	34	255	16	239
Community Services	65	161	0	22	253	66	187
Finance Directorate	9	16	0	20	45	24	21
Corporate Services	4	13	0	7	24	18	6
Municipal Manager's Office	9	17	0	7	33	19	14
Total:	144	371	0	90	610	143	467

Skills Development

The Skills Development Plan was compiled in May 2008 and approved on 26th June 2008 as prescribed by legislation. During 2008/09, the municipality trained 229 employees, compared to 225 employees in the 2007/2008 financial year.

R655369,67 was paid on the Skills Levy, the 60% was reclaimed, and translating to R334968,00 was claimed back.

Table 21: Training per Job Category

DIRECTORATE	TOTAL	LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	CLERKS	TECHNICIANS AND ASSOCIATE PROFESSIONALS	CRAFT AND RELATED TRADES WORKERS	ELEMENTARY OCCUPATIONS	PROFESSIONALS
Infrastructure Development	164		12	5	10	137	
Corporate Services	5		4	1			
Finance Directorate	41	5	32	4			
Community Development	8	4	4				
Municipal Manager's Office	11	2	9				
Total:	229	11	61	10	10	137	0

Skills Development Budget

Table 22: The below information indicates the quantum of municipal budget allocated to skills development and percentage spent.

FINANCIAL YEAR	BUDGET	EXPENDITURE	PERCENTAGE SPENT
2008/2009	580000.00	507926.00	88
2007/2008	580000.00	232147.00	45
2006/2007	490000.00	327906.00	67

Labour Relations

The primary role of the department is to oversee and manage labour relations and health and safety within the Breede River Winelands.

Sixty four (64) cases of misconduct have been dealt with by means of disciplinary investigations and disciplinary hearings. Twelve (12) employees have been dismissed, whilst the others were imposed sanctions such as suspension without pay, transfer to another position and final written warnings or written warnings. Eleven (11) employees have been suspended, pending the outcome of the disciplinary proceedings.

Table 23: Labour Relations

LABOUR RELATIONS ISSUE	NUMBER OF CASES
Misconduct	64
Dismissals	12
Suspensions	11
Total Cases	87

Induction

One hundred and thirteen (113) new appointed employees took part in a one-day induction course which covered the following areas;

- 1. All Human Resources Processes and Procedures
- 2. All Labour Relations Processes and Procedures
- 3. Organisation's mission and values
- 4. Organisational structure
- 5. Legislative environment
- 6. Clean Administration rules
- 7. Training and Development
- 8. Safety in the workplace
- 9. Work ethics

Human Resource Policies

These are Human Resource policies implemented by the Breede River Winelands Municipality:

- Employment Equity
- Recruiting & Selecting

CHAPTER THREE

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

- Private Work
- Temporary workers
- Long Service Recognition
- Travel & Subsistence Allowance
- Smoking
- HIV/AIDS
- Payment of Pro rata bonuses
- Travelling of personnel between towns – re-location allowance
- Exit interviews
- Induction
- Drug & Alcohol abuse
- Payment policy
- Employee Assistance Programme

Personnel Expenditure

Table 24: Trends of Personnel Expenditure to Operating Expenditure (last four years)

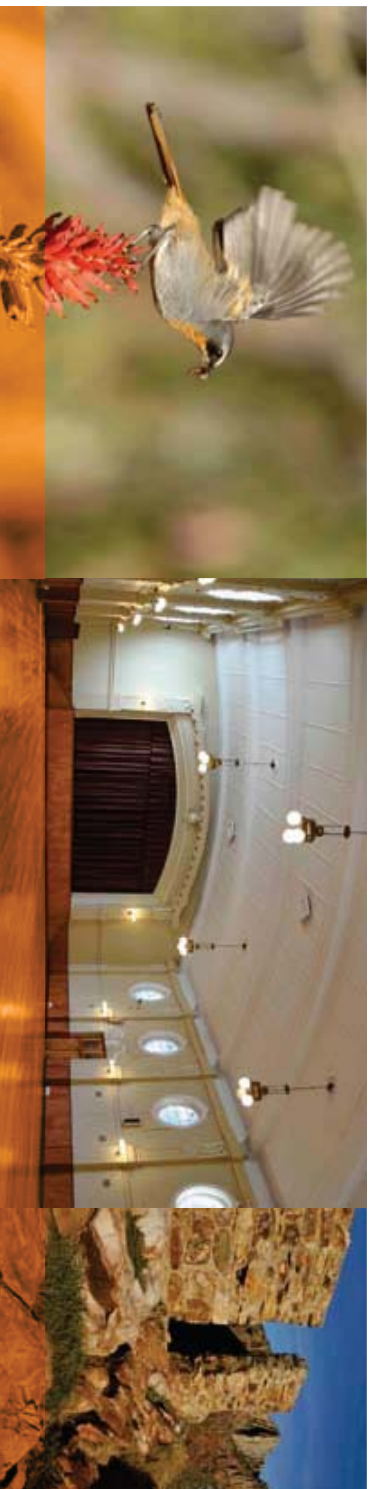
FINANCIAL YEAR	SALARIES	EXPENDITURE	PERCENTAGE
2008/2009	R78,176,721	252,548,205	30.96%
2007/2008	R66,487,702	202,251,457	32.87%
2006/2007	R58,212,401	179,078,541	32.51%
2005/2006	R50,587,873	140,961,382	35.89%

Promotions

Table 25: Information on the number of employees promoted during the 2008/09 financial year should be provided.

DIRECTORATE	NUMBER OF PROMOTIONS
Infrastructure Development	16
Community Services	9
Finance Directorate	6
Corporate Services	0
Municipal Manager's Office	2
Total	33

Candidates at the municipality do not get promoted automatically. All internal employees must apply for posts when they are advertised.



Section 57 Performance Bonuses

The evaluation of performance for Section 57 managers forms the basis for rewarding outstanding performance. Performance Bonuses were paid in line with the calculator suggested by the Local Government Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers of 2006.

Table 26: Section 57 Performance Bonuses

NAME	DESIGNATION	BONUS AMOUNT
Mr J. de K Jooste	Infrastructure Development	R59 674,66
Mr M. J. Mhlom	Community Services	R59 674,66
Mr C. F. Hoffmann	Chief Financial Officer	R59 674,66
Mr A. W. J. Everson	Corporate Services	R77 577,06
Mr S. A. Mokweni	Municipal Manager	R103 854,39
Total Bonuses		R360 455,43

Table 27: Arrears owed to Council by Staff/Council/Directors/Managers: (2007/2008)

CATEGORY	AMOUNT 2007/08	AMOUNT 2008/09
Councillor Consumer Account Arrears	R0.00	R860,67
Councillor Arrear Arrangements	R0.00	R0.00
Councillor Accounts in Disputes	R0.00	R0.00
Staff Arrears (Directors & Managers)	R0.00	R0.00
Other Staff	R88 512,70 (R59 626,91 Land sales incl)	R94 441,53 (R52 201,36 Landsales incl)

Note: Details are contained in the Financial Statements in Chapter 4,

Pension Funds

The following pension and/or retirement funds are used in the municipality:

- SALA Pension Fund
- Cape Retirement Fund
- Cape Joint Pension Fund
- SAMWU Provident Fund

Medical Aid Schemes

Employees are able to choose from the following Medical Aid Funds:

- BONITAS
- HOSMED
- Key Health
- LA Health
- SAMWU Med



CHAPTER THREE

HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

Learnerships and Bursaries

Twenty two (22) learnerships were recorded during the 2008/2009 financial year. The municipality granted 20 internal Bursaries in 2008/2009

Table 28: Bursaries per Directorate

DIRECTORATE	NUMBER OF BENEFICIARIES
Infrastructure Development	4
Community Services	6
Finance Directorate	7
Corporate Services	1
Municipal Manager's Office	2
Total	20

Occupational Health

Table 29: Occupational injuries recorded during 2008/09 are as follows;

DIRECTORATE	PERSONAL INJURY	DISEASE	DEATH	COST
Infrastructure Development	28	0	0	4 340
Community Services	25	0	0	3 875
Finance Directorate	0	0	0	0
Corporate Services	0	0	0	0
Municipal Manager's Office	0	0	0	0
Total:	53	0	0	8 215



Employee Productivity: Sick leave

The number of days' sick leave taken by employees has service delivery and cost implications for a municipality. Breede River Winelands Municipality monitors sick leave to identify certain patterns or trends and thus takes proactive corrective action.

Table 30: Sick leave per Directorate and Category

DIRECTORATE	TOTAL	LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	CLERKS	TECHNICIANS AND ASSOCIATE PROFESSIONALS	CRAFT AND RELATED TRADES WORKERS	ELEMENTARY OCCUPATIONS
Infrastructure Development	13	6		7		
Corporate Services	2	2		0		
Finance Directorate	13	4		9		
Community Development	20	4		16		
Municipal Manager's Office	6	3		3		
Total:	48	16		32		

Number of Employees

Table 31: The following table reflects the number of staff per category in 2007/08 and 2008/09.

CATEGORY	NO OF EMPLOYEES (2007/08)	NO OF EMPLOYEES (2008/09)
Legislators, senior officials, and managers	32	34
Clerks	70	85
Technicians and associate professionals	110	107
Craft and related trades workers	92	115
Elementary occupations	306	309
Total:	610	650

CHAPTER THREE
HUMAN RESOURCES AND OTHER ORGANISATIONAL MANAGEMENT

Table 32: Staff Category per Directorate

DIRECTORATE	TOTAL	LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	CLERKS	TECHNICIANS AND ASSOCIATE PROFESSIONALS	CRAFT AND RELATED TRADES WORKERS	ELEMENTARY OCCUPATIONS
Infrastructure Development	259	12	14	33	58	142
Corporate Services	28	5	12	4	1	6
Finance Directorate	58	3	36	14	4	1
Community Development	271	8	13	48	52	150
Municipal Manager's Office	34	6	10	8	0	10
Total:	650	34	85	107	115	309



GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

This section of the annual report explains the framework of the institutional structures and resources that the Council established during the 2008/2009 financial year so as to implement its strategies.

Council Structure

The relationship between the Council's different political structures is as follows:

Table 33: Council Members

COUNCILORS	POLITIEKE PARTY / POLITICAL PARTY
Cllr J. Adams	DA - Democratic Alliance
Cllr J. D. Burger	DA - Democratic Alliance
Cllr M. Carelse-Snyman	ANC - African National Congress
Cllr R. de Jong	DA - Democratic Alliance
Cllr L. H. de Koker	DA - Democratic Alliance
Cllr M. W. H. du Preez	ANC - African National Congress
Cllr G. J. Fielies	ANC - African National Congress
Cllr C. J. Grootboom	PDM - People's Democratic Movement
Cllr P. W. Horne	ID - Independant Democrats
Rdl M. P. Janse	ANC - African National Congress
Cllr A. N. Mhlambeni	ANC - African National Congress
Cllr E. N. Mpokoye	ANC - African National Congress
Cllr S. J. Ngonyama	ANC - African National Congress
Cllr W. S. Nyamana	ANC - African National Congress
Cllr O. C. Simpson	WCC - Western Cape Community Party
Cllr J. Thomson	DA - Democratic Alliance
Cllr T. M. van der Merwe	ID - Independant Democrats
Cllr S. W. van Eeden	DA - Democratic Alliance
Cllr F. F. van Wyk	ID - Independant Democrats
Cllr E. J. Vollenhoven	ANC - African National Congress

Mayoral Committee Members

"We will deliver at a pace which echoes at a pace which echoes the commitment that we made to our people."



Councillor John Ngonyama
Executive Mayor

"We strive for a unified prosperous society."



Councillor
Christopher Grootboom



Councillor
Errol Vollenhoven



Councillor
Owenite Simpson

Section 79 Portfolio Committees and Chairpersons

These were the portfolio committees and chairpersons during the past financial year.

Table 34: Portfolio Committees as at 30th June 2009

COMMITTEE	CHAIR
Corporate Services	Cllr O. Simpson
Finance	Cllr E. Vollenhoven
Infrastructure Development	Cllr S. J. Nkonyama
Community Services	Cllr C. Grootboom

Table 35: Portfolio Committee Meetings and Attendance 2007/08 and 2008/09.

MEETINGS	2007/08	% ATTENDANCE	2008/09	% ATTENDANCE
Portfolio Committees Meetings	41	82%	39	83%
Mayoral Committee Meetings	12	100%	12	92%
Special Mayoral Committee Meetings	5	100%	0	- - -
Council Meetings	12	96%	12	91%
Special Council Meetings	5	91%	4	86%

Office of the Speaker

Mr. M Du Preez is the speaker of the council and the role of the speaker is to;



Councillor
M Du Preez

- * Ensure that there was an attendance register at the constituents' meetings and that it was signed so as to monitor the election process.
- * Explain the roles and responsibilities of ward committees and their members to attendees at the meeting.
- * Explain the election process to the participants.
- * Call for nominations for committee members and for seconders to sign appropriate forms.
- * Count the votes and announce the results.
- * Ensure that the elected ward committee members were aware of their roles and responsibilities and signed the appropriate forms.



Ward Committees

The council has ten (10) wards and they are appointed for a period of two (2) years. Each ward committee has approximately ten members.

Table 36: Ward Committees

WARD COMMITTEE	CHAIRPERSON
Ward 1, Robertson	Cllr J. D. Burger
Ward 2, Robertson (Nkqubela)	Cllr S. W. Nyamana
Ward 3, Robertson	Cllr M. Carelse-Snyman
Ward 4, Bonnievale (Happy Valley)	Cllr E. Vollenhoven
Ward 5, McGregor	Cllr G. Fielies
Ward 6, Montagu (Ashbury)	Cllr M. W. H. du Preez (Speaker)
Ward 7, Montagu	Cllr J. Thomson
Ward 8, Bonnievale	Cllr S. W. van Eeden
Ward 9, Ashton	Cllr J. Adams
Ward 10, Ashton (Zolani)	Cllr N. E. Mpokoye

Table 37: Representative Forums

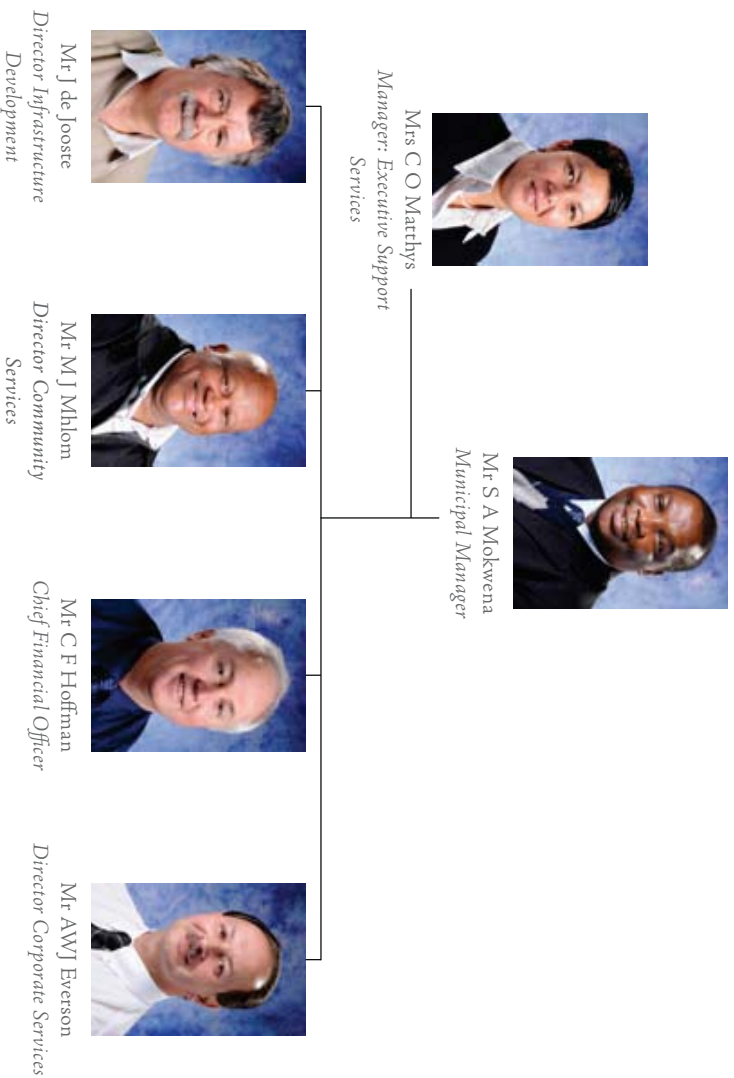
NAME OF THE FORUM	COUNCILLOR
Economic Development	Cllr E. J. Vollenhoven
Governance and Intergovernmental Relations	Cllr S. J. Ngonyama
Human Resources Management	Cllr O. C. Simpson
Municipal Finance	Cllr E. J. Vollenhoven
Municipal Services	Cllr G. J. Fielies
Social Development	Cllr C. J. Grootboom

Executive Management

The Executive Management team is the key force behind the achievement of the municipality's strategic goals. During 2008/2009 the administration implemented the macro design illustrated below.

Mr S. A. Mokweni – Municipal Manager
 Mr M. J. Mhlom – Director Community Services
 Mr J. de K Jooste – Director Infrastructure Development
 Mr C. F. Hoffmann – Chief Financial Officer
 Mr A. W. J. Everson – Director Corporate Services

Executive Management Structure



Co-operative Governance and Intergovernmental Relations

The municipality participated in the following International, National and District Intergovernmental Relations forums:

District coordination meetings.

- Provincial advisory form (PAF) and PAFTECH
- ID campaign with Independent Electoral Commission
- Integrated Development Planning forum with Cape Winelands District Municipality in November 2008 and February 2009
- District Disaster management forum
- Twinning agreement with Rheden Municipality in the Netherlands. This exchange focused on Activity Based
- Costing within Waste Management and technical exchange on GAP Housing.
- University of Utrecht visited Breede River Winelands Municipality to provide support in the Waste Management department.

Corporate Governance

Public Participation: Imbizos

Two separate IDP and budget Imbizos were held during the financial year.

Integrated development plan review (idp/budget imbizo): 2009/2010

The Council has accepted an IDP/Budget Interaction plan for the review of the IDP/Budget for the financial period 2009/2010. In order to give all roleplayers, especially the 10 Ward Committees and the residents of all the wards and all sectors in the municipal area the opportunity to make contributions with regard to developmental needs, a series of meetings were planned on the following scheduled dates. All individual organisations, and individuals from all sectors were invited to attend the above-mentioned scheduled meetings. A notice in the form of a municipal advertisement was placed in our local newspapers.

Table 38: Integrated development plan review (idp/budget imbizo): 2009/2010

WARD	WARD COUNCILOR	AREA	DATE	TIME	VENUE
1 & 3	Cllrs J. D. Burger and Cllr M. Carelse-Snyman	Robertson	Monday 6th October 2008	19h00	Robertson Community Hall
2	Cllr S. W. Nyamana	NkQubela	Tuesday 7th October 2008	18h00	Nkqubela Community Hall
4	Cllr E. Vollenhoven	Bonnievale	Wednesday 8th October 2008	19h00	Happy Valley Community Hall
5	Cllr G. Fielies	McGregor/ Rooberg	Thursday 9th October 2008	19h00	VGK Church Hall
6 & 7	Cllr M. W. H. du Preez and Cllr J Thomson	Montagu	Monday 13th October 2008	19h00	Montagu Community Hall
8	Cllr S. W. van Eeden	Bonnievale	Tuesday 14th October 2008	19h00	Chris van Zyl Hall
9	Cllr J. Adams	Ashron	Wednesday 15th October 2008	19h00	Barnard Hall
10	Cllr K. Klaas	Zolani	Thursday 16th October 2008	18h00	Zolani Community Hall

Budget Imbizo: 2009/2010

During March/April 2009 information meetings in all 10 wards were held. The CDW's assisted with the distribution of flyers and loud hailing with the Traffic Department in all 10 wards. All interested organisations and individuals of all sectors were invited to attend the abovementioned scheduled meetings per ward.

Table 39: Budget Imbizo: 2009/2010

DATE OF MEETING	WARD	VENUE	TIEM	DIRECTOR RESPONSIBLE
25th March 2009	9	Barnardsaal, Ashton	19h00	Director Corporate Services
26th March 2009	6 & 7	Wilhelm Thyslaansaal, Montagu	19h00	Director Community Services
30th March 2009	5	Ou Gym, McGregor	19h00	Director Corporate Services and the Chief Financial Officer (CFO)
1st April 2009	8	Chris van Zylsaal, Bonnievale	19h00	Director Infrastructure Development
2nd April 2009	4	Happy Valley Gemeenskapsaal, Bonnievale	19h00	Director Infrastructure Development
6th April 2009	1 & 3	Gemeenskapsdaal, Droë Heuwel, Robertson	19h00	Chief Financial Officer (CFO)
7th April 2009	2	Nkqubela Gemeenskapsaal, Robertson	19h00	Municipal Manager
8th April 2009	10	Zolani Gemeenskapsaal, Ashton	19h00	Municipal Manager

Community Development Workers

Roles of the CDW's

The Breede River Winelands Municipality has embraced the use of effective CDW's to strengthen participative democracy in the municipality.

These are some of the Key Performance Areas (KPA's) for CDW's:

- Community profile to be compiled for the Breede River/Winelands Municipality
- Assistance to Ward Committee Activities
- Assistance during Community meetings
- Assistance to Ward Committee Elections
- Assistance during Ward Based Planning
- Communicate municipal and government projects in communities
- Co-ordinate communities to develop and submit proposals for inclusion in the IDP and other government plans.
- Co-ordinate inter-governmental and inter-departmental programmes
- Maintain communication with Community Based Organisations (CBO's)
- Inform communities of problems with service delivery.
- Assistance with the implementation of community projects
- Monitoring and reporting back on community projects
- Act as resourceful and dedicated public servants (Customer Services)

Functions performed by CDWS

- Minute taking during ward committee and community meetings.
- Logistic arrangements around Provincial and National events. (Public Participation processes).
- Assistance during roll out of Ward Based Planning.
- Dealing with public enquiries and complaints. (Training received on Customer Care Management Programme).
- Public address systems announcements in suburbs with Traffic Department regarding ward activities.
- Issuing of Hawkers' Licences.
- Creation of database for Community Based Organisations.
- Creation of skills audit.
- Filing of documents (Housing Department)
- Assist with applications for Indigent Subsidies (Finance Department)
- Administrative assistance to Ward Council Members.
- Logistic assistance to Rural Development Department.
- Projects in respect of Youth Advisory Centre (YAC).
- Logistic assistance to GCIS projects (Inter-governmental).
- Distribution of pamphlets for Tourism, Ward Committees, Finance Departments
- CDW's were involved during the IDP/Budget process.

Table 40: Details of CDW's and ward allocations.

NAME OF CDW	WARD	AREA
Lucreatia Jansen	Wards 9, 10	Zolani + Ashton
Charmain Swanepoel (2 wards)	Wards 6, 7	Ashbury + Montagu
Lindiwe Kabla	Ward 8	Bonnievale
Pieter Korfe	Ward 4	Happy Valley, Bonnievale
Ocavia Liemens (3 wards)	Wards 1,2,3	Nkqubela + Robertson
Johannes Jansen	Ward 5	McGregor

Anti-corruption and anti-fraud

The Council has approved an anti-fraud policy has been approved by Council while the anti-corruption strategy will be addressed during 2009/10

Performance Management Committee

The committee was established by the Mayor in July 2008 for the purpose of evaluating the performance of section 57 employees.

Table 41: Committee members are:

COMMITTEE MEMBER	COMMITTEE POSITION
Cllr S. J. Ngonyama	Chairperson
Cllr O. Simpson	Member
Cllr E. Vollenhoven	Member
Cllr C. Grootboom	Member
Dr B. van Rensburg	Member
Mr M. Mgajo	Member
Mr S. A. Mokweni	Member

The committee held 4 meetings during 2008/09.

Internal Audit

Breedee River's Internal Audit department has been established in terms of sections 165 (i) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

- The main purpose of the Internal Audit is inter alia:
- To ensure that risks are identified and managed properly.
- To ensure that correct and accurate financial, management, and operational control systems and procedures are in place to enable management to gain trustworthy information useful in decision-making processes.
- To evaluate the performance management system and performance reports.
- To control policies, regulations, and procedures in terms of prescribed guidelines and applicable laws.
- To ensure that high quality service delivery takes place by the economic and efficient utilisation of available resources.
- To implement the processes and procedures on an ongoing basis according to Council policy.

Performance 2008/09

- Risk analysis was completed with input from all departments.
- The internal audit annual work plan for 2008/2009 was prepared with input submitted by different Departments.
- The municipality's corporate performance scorecard is audited on a quarterly basis. The comments of internal audit are submitted to the Audit Committee who submitted their comments to the Council.

Audit Committee

Breedee River's Audit committee was established on the 1st August 2006 and members were appointed for a period of 3 years in terms of Section 166 (1) of Act 56 of 2003 – Local Government: Municipal Finance Management Act, 2003.

The Audit Committee is responsible for the overseeing of internal controls, financial reporting and compliance with regulatory matters. The committee should mainly make recommendations to the management, including the following:

- Review the effectiveness of the Council's system of internal control and risk management.
- Review the financial reporting.
- Review of the financial statements.
- Review the Internal Audit function.
- Review the Auditor General's report.
- Review the Council's compliance with legislation and regulation.
- Review the Compliance with the Council's Code of Conduct and ethics.
- Performance Management.

During 2008/2009 the Audit Committee had three members. Dr B van Rensburg (Chairman), Mr P Dreyer, and the third committee member position was vacant. The Committee convened 5 meetings, on 29th September 2008, 27th November 2008, 21st January 2009, 10th March 2009 and 15th June 2009. Attendance at the meetings was 9, 10, 8, 9 and 7 respectively.

By-laws

The following by laws were adopted:

- By law relating to the keeping of animals
- By law relating to the keeping of bees.
- By law relating to the control of cemeteries
- Irrigation w by law
- By law relating to the keeping of pigeons and birds
- By law relating to the keeping of poultry
- Public Amenities by law
- By law relating to sewerage and sanitation services
- By law relating to streets

Communication

239 adverts were placed in various news papers on various topics during the 2008/2009 financial year. 3 newsletters were published against the target of 4 newsletters. This owing to problems with the service provider's tax clearance.

Chapter Four

ANNUAL FINANCIAL STATEMENTS

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CHAPTER FOUR

FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Statement of the Municipal Manager on Financial Statements

As the Municipal Manager I am responsible for guiding the preparation, integrity and fair presentation of the annual financial statements of Breede River Wineland's Municipality. The annual financial statements have been independently audited by the Auditor General who was given unrestricted access to all financial records and related data, including minutes of meetings relevant to the auditing of financial statements.

The annual financial statements for the year ended 30 June 2009 have been prepared in accordance with Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003). They are based on (GRAP), General Recognised Accounting Practice accounting standards which have been consistently applied, and which are supported by reasonable and prudent judgements and estimates. I have no reason to believe that the Municipality will not be a going concern in the foreseeable future based on forecasts and available cash resources.

I have implemented stringent internal controls, which are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the Municipality by management and employees. Processes are in place to monitor internal controls, to identify material breakdowns and implement timely corrective action.

Mr SA Mokweni
Municipal Manager



BREDE RIVER WINELANDS MUNICIPALITY

Other information

Nature of Business

Breedse River Winelands Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996).

Country of Origin and Legal Form

South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998)

Councillors

Executive Mayor	S J Ngonyama
Deputy Mayor	C J Grootboom
Speaker	M W H du Preez
Member of Mayco	E J Vollenhoven
Member of Mayco	O C Simpson
Councillor	J Adams
Councillor	J D Burger
Councillor	M Carelse-Snyman
Alderman	R de Jong
Councillor	L H de Koker
Councillor	G R Fielies
Councillor	P W Horne
Councillor	M P Janse (from 12 May 2009)
Councillor	A N Mhlambeni
Councillor	N E Mpokorwe (from 10 December 2008)
Councillor	W S Nyamana
Councillor	J Thomson
Councillor	T M van der Merwe
Councillor	S W van Eeden
Councillor	F F van Wyk
Councillor	S M Jansen (from 6 August 2008 till 12 May 2009)
Councillor	K I Klaas (till 27 October 2008)
Councillor	J J van Rooyen (till 6 August 2008)

Directors

Municipal Manager
Chief Financial Officer
Director: Infrastructure Development
Director: Community Services
Director: Corporate Services

S A Mokweni
C F Hoffmann
J de K Jooste
M J Mhlom
A W J Everson

Principal Bankers

ABSA
P O Box 4453
Tyger Valley
7536

Auditors

Auditor-General of South Africa
Private Bag X1
Chempet
7442

Attorneys

Muller Baard du Toit
P O Box 41
Robertson
6705
Van Niekerk & Linde
P O Box 49
Bonnievale
6730

Registered Office

28 Main Road
Ashron
6715

Relevant Legislation

The Constitution of the Republic of south Africa (Act 108 of 1996)
Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

CHAPTER FOUR

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets			
Housing Development Fund	2	373 829 967	358 045 649
Capital replacement reserve	3	-	3 051 267
Capitalisation reserve	3	32 992 064	29 451 578
Government grant reserve	3	31 522 164	34 565 829
Accumulated Surplus/(Deficit)	3	83 574 741	74 850 080
	4	225 740 998	216 126 896
Non-current liabilities			
Long-term liabilities	5	75 602 790	58 121 034
Non-current provisions	6	45 831 978	29 885 136
Employee Benefits	7	3 342 318	3 600 540
	7	26 428 494	24 635 358
Current liabilities			
Employee Benefits	7	51 727 263	33 685 555
Consumer deposits	8	9 217 911	8 137 310
Provisions	9	4 598 639	4 336 523
Trade payables	10	1 050 816	-
Unspent conditional grants and receipts	11	27 273 107	12 662 512
Taxes	12	5 089 927	6 643 949
Short-term loans	13	2 747 293	268 034
Cash and cash equivalents	13	-	-
Current portion of long-term liabilities	24	-	-
	5	1 749 570	1 637 228
Total Net Assets and Liabilities		501 160 020	449 852 238
ASSETS			
Non-current assets			
Property, plant and equipment	14	377 263 165	357 680 422
Non-current assets held for sale	15	357 001 791	336 410 119
Investment property	16	-	-
Intangible Assets	17	17 977 979	17 868 479
Investments	19	1 112 750	503 320
Long-term receivables	20	4 685	4 482
	20	1 165 960	2 894 023
Current assets			
Inventory	21	123 896 856	92 171 816
Trade receivables from exchange transactions	22	8 634 622	9 081 197
Other receivables - Non exchange transactions	23	12 600 103	8 994 595
Unpaid conditional grants and receipts	11	2 510 927	2 243 268
Current portion of long-term debtors	20	1 505 566	963 236
Cash and cash equivalents	24	2 542 374	2 220 209
	24	96 103 264	68 669 312
Total Assets		501 160 020	449 852 238

CHAPTER FOUR

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property rates	25	20 323 699	20 322 854
Property rates - penalties imposed and collection charges		230 923	254 894
Service charges	26	165 229 142	138 457 749
Rental of facilities and equipment		1 077 335	864 674
Interest earned - external investments		10 789 908	8 746 970
Interest earned - outstanding debtors		1 385 766	504 389
Dividends received		-	-
Fines		3 125 430	3 495 123
Licences and permits		1 120 388	1 149 223
Income for agency services		1 911 063	1 902 244
Government grants and subsidies	27	50 202 239	31 687 684
Other income	28	11 589 830	5 164 823
Property, plant and equipment adjustments	14	-	-
Changes in fair values		-	-
Gains on disposal of property, plant and equipment		1 346 799	-
Total Revenue		268 332 523	212 550 627
EXPENDITURE			
Employee related costs	29	78 176 721	66 487 702
Remuneration of Councillors	30	4 730 734	4 216 902
Bad debts		6 414 120	6 104 253
Collection costs		714 633	547 956
Depreciation	14, 16	20 592 351	18 015 939
Amortisation - Intangible Assets	17	194 823	94 795
Repairs and maintenance		10 616 905	8 427 801
Interest paid	31	8 881 080	6 116 969
Bulk purchases	32	71 344 891	50 982 806
Contracted services		2 757 519	1 044 855
Grants and subsidies paid	33	9 748 267	7 238 310
Operating Grant Expenditure	App "F"	969 446	791 360
General expenses	35	32 515 543	26 377 715
Changes in Fair Value (Loss)		-	2 455 549
Loss on disposal of property, plant and equipment		4 891 171	3 348 546
Total Expenditure		252 548 205	202 251 457
SURPLUS/(DEFICIT) FOR THE YEAR		15 784 318	10 299 169
Share of surplus/(deficit) of associate accounted for under the equity method	36	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		15 784 318	10 299 169

Refer to Appendix E(1) for explanation of variances

CHAPTER FOUR

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Housing Development Fund R	Capital Replacement Reserve R	Capitalisation Reserve R	Government Grant Reserve R	Accumulated Surplus/ (Deficit) R	Total R
2008						
Balance at 30 June 2007	5 450 691	29 706 274	38 529 696	69 020 860	198 877 931	341 585 452
Implementation of IAS 19 Note 7	-	-	-	-	(21 241 996)	(21 241 996)
Correction of Asset Register Note 14	-	-	(589 983)	2 229 830	(1 639 847)	-
Restated balance	5 450 691	29 706 274	37 939 713	71 250 690	203 399 111	347 746 479
Restated surplus/(deficit) for the year	-	-	-	-	10 299 169	10 299 169
Transfer to/from CRF	-	21 196 326	-	-	(21 196 326)	-
Property, plant and equipment purchased	-	(21 451 022)	-	-	21 451 022	-
Capital grants used to purchase PPE	-	-	-	7 844 985	(7 844 985)	-
Capital grants used to purchase Intangible Assets	-	-	-	-	-	-
Transfer to Housing Development Fund	(2 399 424)	-	-	-	2 399 424	-
Change in funding sources	-	-	-	(8 426)	8 426	-
Offsetting of depreciation	-	-	(3 373 885)	(4 229 325)	7 603 210	-
Offsetting of depreciation - Intangible Assets	-	-	-	(7 843)	7 843	-
Balance at 30 June 2008	3 051 267	29 451 578	34 565 829	74 850 080	216 126 896	358 045 649
2009						
Balance at 30 June 2008	3 051 267	29 451 578	34 565 829	74 850 080	216 126 896	358 045 649
Net surplus/(deficit) for the year	-	-	-	-	15 784 318	15 784 318
Transfer to/from CRF	-	25 000 000	-	-	(25 000 000)	-
Property, plant and equipment purchased	-	(21 459 514)	-	-	21 459 514	-
Capital grants used to purchase PPE	-	-	-	13 506 765	(13 506 765)	-
Capital grants used to purchase Intangible Assets	-	-	-	38 340	(38 340)	-
Transfer to Housing Development Fund	(3 051 267)	-	(210)	(4 684)	3 051 267	-
Asset disposals	-	-	(3 043 455)	(4 807 301)	4 893	-
Offsetting of depreciation	-	-	-	(8 459)	8 459	-
Offsetting of depreciation - Intangible Assets	-	-	-	-	-	-
Balance at 30 June 2009	0,00	32 992 064	31 522 164	83 574 741	225 740 998	373 829 967

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		258 480 114	199 473 021
Cash paid to suppliers and employees		<u>(203 569 587)</u>	<u>(168 503 281)</u>
Cash generated from/(utilised in) operations	39	54 910 526	30 969 740
Interest received		10 789 908	8 746 970
Interest paid		<u>(8 881 080)</u>	<u>(6 116 969)</u>
Correction of error - Note 34		254 696	
NET CASH FROM OPERATING ACTIVITIES		<u>56 819 354</u>	<u>33 854 437</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		<u>(46 217 527)</u>	<u>(38 400 101)</u>
Transfer to Investment Properties		21 383	1 601 743
Proceeds on disposal of fixed assets		<u>(804 253)</u>	<u>(164 078)</u>
Purchase of in Intangible Assets		(112 000)	
Purchase of Investment Properties		1 405 898	(1 140 807)
(Increase)/decrease in biological assets		(203)	1 426
(Increase)/decrease in long-term receivables			
(Increase)/decrease in non-current investments			
NET CASH FROM INVESTING ACTIVITIES		<u>(45 706 703)</u>	<u>(38 101 816)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		16 059 184	(1 661 788)
Increase in consumer deposits		262 117	357 735
NET CASH FROM FINANCING ACTIVITIES		<u>16 321 301</u>	<u>(1 304 053)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>27 433 952</u>	<u>(5 551 432)</u>
Cash and cash equivalents at the beginning of the year	40	68 669 312	74 220 744
Cash and cash equivalents at the end of the year	40	96 103 264	68 669 312
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>27 433 952</u>	<u>(5 551 432)</u>

1. Summary of significant accounting policies for the year ended 30 June 2009

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1. STATEMENT OF COMPLIANCE

The financial statements comply with General Recognised Accounting Standards (GRAP) adopted by the Accounting Standards Board (ASB).

1.1. Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance. The Municipality adopted the following new standards in the current year, as approved by the Minister of Finance on 9 May 2008 per Government Gazette 31021:

GRAP 4	Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue
GRAP 10	Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current assets held for sale and discontinued operations
GRAP 101	Agriculture
GRAP 102	Intangible assets

Accounting Policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These Accounting Policies and the applicable disclosures have been based on International Public Sector Accounting Standards (IPSAS) and the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board.

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 41.

2.1 GRAP 16 – Investment Property

Investment property is defined as property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost and is depreciated on a straight-line basis over its useful life.

The application of the standard resulted in a reclassification of amounts previously recognised as property, plant and equipment. Similarly rental revenue from investment property is also reflected separately from equipment rental.

2.2 GRAP 17 – Property, plant and equipment

GRAP 17 clarifies that an entity should consider an item of property, plant and equipment as a combination of various components with separate useful lives or consumption patterns. These separate components are used to calculate depreciation, test for derecognition and for the treatment of expenditure to replace or renew a component of that item of property, plant and equipment. It further confirms that the cost of an item of property, plant and equipment should include not only the initial estimate of the costs relating to dismantlement, removal or restoration of the property at the time of installing the item, but also during the period of use for purposes other than producing inventory. The residual value, useful life and depreciation method of an asset must be reviewed annually. Residual value should not include expected future inflation. There is no cessation of depreciation when assets are idle.

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ACCOUNTING POLICY – 30 JUNE 2009

The application of the new standard had a limited impact on the results of the current year as the components approach in respect of infrastructure assets will only be applied in future years as allowed per the transitional provisions specified in Directive 4.

2.3 Standards not yet effective

The following Standards have been issued, but are not yet effective:

GRAP No	Description	Effective date	Anticipated impact on financial statements
18	Segment Reporting	Unknown	Disclosure only
21	Impairment of non-cash generating assets	Unknown	No material impact. Requirements of GRAP 21 are similar to the requirements of IAS 36 (Impairment of assets) and IPSA 21 (Impairment of non-cash generating assets), applied by the municipality during the 2008/09 financial year.
23	Revenue from non-exchange transactions	Unknown	Disclosure only
24	Presentation of Budget Information in Financial Statements	Unknown	Disclosure only
26	Impairment of cash generating assets	Unknown	No impact. Requirements of GRAP 26 are similar to the requirements of IAS 36 (Impairment of assets) applied by the municipality during the 2008/09 financial year.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.2. Presentation currency

These annual financial statements are presented in South African Rand.

1.3. Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4. Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

1.5. Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.6. Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, inter alia, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- 1.6.1. The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- 1.6.2. Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- 1.6.3. Interest earned on the investments backing up this fund is recorded as part of interest earned in the Statement of Financial Performance and is then transferred via the Statement of Changes in Net Assets to the Housing Development Fund.
- 1.6.4. Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.7. Reserves

1.7.1. *Capital Replacement Reserve (CRR)*

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- 1.7.1.1. The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- 1.7.1.2. Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- 1.7.1.3. The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- 1.7.1.4. The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- 1.7.1.5. The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- 1.7.1.6. The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- 1.7.1.7. The Council determines the annual contribution to the CRR.

1.7.2. *Capitalisation Reserve*

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.3. *Government Grant Reserve*

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.4. *Public Contributions and Donations Reserve*

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.5. *Revaluation Reserve*

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

1.8. Leases

1.8.1. *Lessee Accounting*

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MEMA.

1.8.2. *Lessor Accounting*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.9. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.10. **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.11. **Provisions**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.12. **Employee Benefits**

1.12.1. *Pension obligations*

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12.2. Post Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries

1.12.3. Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised.

Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries are charged against the Statement of Financial Performance as employee benefits upon valuation.

1.13. Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

Financial Assets

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- Unlisted Investments
- Investment in Fixed Deposits
- Long-term Receivables
- Consumer Debtors
- Other Debtors
- Short term Investment Deposits
- Bank Balances and Cash
- Operating lease assets

The Financial Assets of the municipality are presently classified as follows into three categories:

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments	Held at fair value through profit or loss
Investments in Fixed Deposits	Held to maturity
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Short-term Investment Deposits	Held to maturity
Bank Balances and Cash	Held to maturity

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Provisions
- Creditors
- Bank Overdraft
- Current Portion of Long-term Liabilities
- Consumer Deposits
- VAT
- Operating lease liabilities

There are two main categories of Financial Liabilities, based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss (“other financial liabilities”).

Trade Payables

Trade payables and other receivables are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method

Accrued Leave Pay

Liability for annual leave is recognised as it accrues to employees. Provision is based on the total accrued leave days at year-end.

Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality’s interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

Measurement

Financial Assets:

Held-to-maturity investments and loans and receivables are initially measured at fair value, and subsequently measured at amortised cost. Financial assets are measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial Liabilities:

Financial liabilities are measured at amortised cost using the effective interest rate method where applicable.

The requirement that financial assets and liabilities (previously instruments) should initially be measured at fair value has been exempted in terms of General notice 552 of 2007.

Impairment of Financial Assets:

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made by assessing the recoverability of consumer debtors collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.14. Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

1.15. Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset’s original cost is transferred from the Revaluation Reserve to the Accumulated Surplus / (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use. All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality’s accounting policy.

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Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years	Other	Years
Infrastructure			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/ (Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 17 on property, plant and equipment:

- Application of the components approach in respect of infrastructure assets
- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.

1.16. Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 16 on investment property:

- The entire standard to the extent that the property is accounted for in terms of GRAP 17.
- Disclosure of the fair value of investment property if the cost model is applied.

1.17. Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Municipality has elected not to make use of the transitional provision of Directive 4 relating to GRAP 102 on intangible assets as the municipality is in full compliance with the requirements of this Standard.

1.18. Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

1.19. Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the first-in-first-out (FIFO) cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

- The Municipality has elected to make use of the following transitional provision of Directive 4 relating to GRAP 12 on inventories:
The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

1.20. Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.21. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.22. Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity and water prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

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ACCOUNTING POLICY – 30 JUNE 2009

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

1.22.1. *Revenue from non-exchange transactions*

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.22.2. *Conditional Grants and Receipts*

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.23. **Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24. **Unauthorised Expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. **Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy; Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. **Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. **Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

1.28. **Other Exemptions Taken not Elsewhere Disclosed in This Policy**

The Municipality has elected to make use of the following additional transitional provision of Directive 4:

- Classification, measurement and disclosure of non-current assets held for sale.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2 008 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	-	3 051 267
Unappropriated Surplus	-	3 051 267
The above balances are represented by cash and is invested together with the other investments of the municipality (See Notes 19 and 24)		
3 NETT ASSET RESERVES		
Reserves	148 088 969	138 867 486
Capital Replacement Reserve	32 992 064	29 451 578
Capitalisation Reserve	31 522 164	34 565 829
Government Grant Reserve	83 574 741	74 850 080
Sub-total	148 088 969	138 867 486
	-	-
Total Nett Asset Reserve Assets and Liabilities	148 088 969	138 867 486
4 ACCUMULATED SURPLUS/(DEFICIT)		
30 June 2008		
Accumulated Surplus/(Deficit)		
Balance Previously Reported		213 844 999
Implementation of IAS 19 Employee Benefits		(25 779 907)
Correction of Asset Register Note 14		28 716 074
Correction of Asset Register Note 14 Transfere to Capitalisation Reserve		589 983
Correction of Asset Register Note 16		(2 229 830)
Correction of VAT Provision Note 12		985 577
Balance now Reported		216 126 896
5 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	47 092 732	31 434 789
Capitalised Lease Liability - At amortised cost	488 816	87 575
Sub-total	47 581 548	31 522 364
Less : Current portion transferred to current liabilities	(1 749 570)	(1 637 228)
Financial Lease	(178 631)	(31 816)
Annuity Loans	(1 570 939)	(1 605 413)
Total External Loans - At amortised cost	45 831 978	29 885 136
<i>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3 (2) b of the above-mentioned notice</i>		
* Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105)]		
The obligations under finance leases are scheduled below:		
Amounts payable under finance leases:		
Payable within one year	178 631	35 247
Payable within two to five years	200 710	18 124
Less: Future finance obligations	379 341	53 370
Present value of lease obligations	5 274	5 274
Less: Amounts due for settlement within 12 months	374 067	48 096
Amount due for settlement after 12 months	(178 631)	(31 816)
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.	195 436	16 280
Leases are secured by property, plant and equipment - Note 14		
	Minimum	
	lease payments	

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
5 LONG-TERM LIABILITIES (continued)		
A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:		
1) Extension - Municipal Offices	288 000	288 000
2) Vehicle Testing Station	298 000	298 000
3) Paving	157 000	157 000
4) Electrification - Industrial Area	40 000	40 000
	783 000	783 000
The outstanding amounts on the above loans are:	513 093	534 549
Debtors to the value of R 2 500 000 is ceded to the Development Bank of South Africa as security for the following loans: (Loan WC 13452)		
1) Bulk Water Supply	2 301 237	2 301 237
2) Moveable Assets	150 000	150 000
3) Infrastructure Development	3 065 550	3 065 550
	5 516 787	5 516 787
The outstanding amounts on the above loans are:	2 891 449	3 161 346
Debtors to the value of R 650 000 is ceded to the Development Bank of South Africa as security for the following loans: (Loan WC 13586)		
1) Moveable Assets	390 000	390 000
2) Infrastructure Development	1 080 000	1 080 000
	1 470 000	1 470 000
The outstanding amounts on the above loans are:	534 860	581 369
6 NON-CURRENT PROVISIONS		
6.1 Non-current provision liabilities	3 342 318	3 600 540
Rehabilitation of Landfill-sites	3 342 318	3 600 540
Total		
	Landfill-Site	Landfill-Site
Balance 1 July 2008	3 600 540	3 600 540
Contribution for the year	44 829	
	3 645 369	3 600 540
Less: Transfer of current portion to current provisions - Note 9	(303 051)	
Balance 30 June 2009	3 342 318	3 600 540
Provision for the rehabilitation of landfill-sites		
Balance 1 July 2008	3 600 540	3 600 540
Charged / (credited) to the income statement:	44 829	-
- Additional provisions	-	-
- Contribution to provision - Change in Accounting Policy	168 278	
Reversal of provision overstated	(123 449)	
	(303 051)	-
Transfer to current portion	3 645 369	3 600 540
Balance 30 June 2009		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
7 EMPLOYEE BENEFITS		
Accumulated leave	5 503 602	4 705 086
Performance Bonus	338 849	336 350
Annual Bonus	2 266 609	1 951 325
Long Service Awards	3 633 984	3 443 004
Post Retirement Medical	23 903 360	22 336 903
	<u>35 646 405</u>	<u>32 772 668</u>
Less: Transfer of current portion to current provisions		
Performance Bonus	5 503 602	4 705 086
Annual Bonus	338 849	336 350
Long Service Awards	2 266 609	1 951 325
Post Retirement Medical	271 478	377 017
Current Portion	837 372	767 532
	<u>9 217 911</u>	<u>8 137 310</u>
Non Current Portion	<u>26 428 494</u>	<u>24 635 358</u>
30 June 2009		
Accumulated leave	4 705 086	1 344 672
Performance Bonus	336 350	362 955
Annual Bonus	1 951 325	4 000 687
Long Service Awards	3 443 004	567 997
Post Retirement Medical	22 336 903	2 333 989
Total	<u>32 772 668</u>	<u>8 610 300</u>
30 June 2008		
Accumulated leave		
Performance Bonus	-	4 705 086
Annual Bonus	-	336 350
	<u>-</u>	<u>1 951 325</u>
Long Service Awards		
Post Retirement Medical	-	3 443 004
Total	<u>-</u>	<u>22 336 903</u>
30 June 2008		
Accumulated leave	4 441 732	691 829
Performance Bonus	1 657 308	336 350
Annual Bonus	2 863 013	3 382 492
Long Service Awards	18 378 983	724 335
Post Retirement Medical	27 341 036	4 685 132
Total	<u>27 341 036</u>	<u>9 820 138</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7	2009 R	2008 R
EMPLOYEE BENEFITS (continued)		
Other defined benefit plan information		
<i>Post Employment Health Care Benefits</i>		
The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	142	
Continuation members (e.g. retirees, widows)	46	
Total	188	
The liability in respect of past service has been estimated to be as follows:		
In-service members	12 079 972	-
Continuation members	11 823 388	-
Total	23 903 360	-
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas;		
Hosmed		
LA Health		
Mummed, and		
SAMWU Medical Aid		
The Future-service Cost for the ensuing year is estimated to be	1 097 399	1 040 792
Interest- Cost for the next year is estimated to be	2 155 885	2 374 971
Amounts recognised in Statement of Financial Position		
Present value of fund obligations	23 903 360	22 336 903
Fair value of plan assets	-	-
Net liability / (asset)	23 903 360	22 336 903
Amounts recognised in Statement of Financial Performance		
Current service cost	1 040 792	927 543
Interest Cost	2 374 971	1 495 395
Actuarial (gains) / losses	(1 081 774)	2 262 194
	2 333 989	4 685 132
Reconciliation of present value of defined benefit obligation:		
Present value of fund obligation at the beginning of the year	22 336 903	18 378 983
Amounts recognised in Statement of Financial Performance	2 333 989	4 685 132
Benefits Paid	(767 532)	(727 212)
Present value of fund obligation at the end of the year	23 903 360	22 336 903
Key assumptions used:		
Discount rate	9,18%	10,81%
Health Care Cost Inflation Rate	7,81%	9,66%
Net Effective Discount Rate	1,27%	1,05%

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7	EMPLOYEE BENEFITS (continued)			
	Sensitivity analysis			
	The effect of a one percent movement in the assumed rate of Health Care Cost Inflation is as follows:			
	Increase	Amount	Percentage Change	
	Effect on the aggregate of the Current-Service and Interest cost	3 974 500	16,00%	
	Effect on the Defined Benefit Obligation	27 289 000	14,00%	
	Decrease			
	Effect on the aggregate of the Current-Service and Interest cost	2 960 500	(13,00%)	
	Effect on the Defined Benefit Obligation	21 101 000	(12,00%)	
		2009 R	2 008 R	
<hr/>				
	Provision for Long Service Awards			
	The Long Service Awards plans are defined benefit plans. As at year end, 650 employees were eligible for Long Service Bonuses.			
	The liability in respect of Long Service Awards has been estimated to be as follows:			
	The Future-service Cost for the ensuing year is estimated to be			
	Interest- Cost for the next year is estimated to be			
	Amounts recognised in Statement of Financial Position			
	Present value of fund obligations			
	Fair value of plan assets			
	Net liability / (asset)			
	Amounts recognised in Statement of Financial Performance			
	Current service cost			
	Interest Cost			
	Actuarial (gains) / losses			
	Reconciliation of present value of defined benefit obligation:			
	Present value of fund obligation at the beginning of the year			
	Amounts recognised in Statement of Financial Performance			
	Benefits Paid			
	Present value of fund obligation at the end of the year			
	Key assumptions used:			
	Discount rate			
	General Salary Inflation Rate			
	Net Effective Discount Rate			
8	CONSUMER DEPOSITS			
	Municipal Services			
	Total Consumer Deposits			
	The fair value of consumer deposits approximate their carrying value.			

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2 008 R
9 PROVISIONS		
Provision for SALA Pension Fund		
Accrued Contribution	747 765	
Accrued Interest	531 913	
Current portion of rehabilitation of landfill sites provision - Note 6	215 852	
Total Provisions	303 051	-
The movement in current provisions are reconciled as follows: -	1 050 816	
Balance at beginning of year	303 051	747 765
Transfer from non-current	-	
Contributions to provision	-	
Expenditure incurred	-	
Balance at end of year	303 051	747 765
30 June 2008		
Performance Bonus	336 350	336 350
Annual Bonus	1 951 325	1 951 325
Total Provisions	2 287 675	2 287 675
10 TRADE PAYABLES	2009 R	2 008 R
Sundry Payables		
Trade payables	22 553 959	9 308 550
Payments received in advance	2 387 735	759 791
Insurance Claims	430 707	-
Suspense	235 502	49 184
Retentions and Guarantees	166 747	687 862
Deposits: Other	1 498 457	1 857 125
Employee Benefit Liabilities	27 273 107	12 662 512
Staff Leave liability i.r.o. GAMAP 19.15(b)		4 705 086
Balance Previously Reported		(4 705 086)
Transferred to Employee Benefits. (IAS19)		-
Balance now Reported		
Total Creditors	27 273 107	12 662 512
Payables being paid within 30 days are being recognised net of discounts.		
11 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
<i>Conditional Grants from other spheres of Government</i>		
Unspent Grants	5 089 927	6 643 949
Less: Unpaid Grants	1 505 566	963 236
Total Conditional Grants and Receipts	3 584 362	5 680 713

See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised (Note 24). No grants were withheld.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2 008 R
12	TAXES		
	VAT payable	2 747 293	268 034
		2 747 293	268 034
	Balance Previously Reported		1 253 611
	Correction of VAT Provision		(985 577)
	Balance now Reported		268 034
13	SHORT-TERM LOANS		
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
	The Municipality has no short term loans		
14	PROPERTY, PLANT AND EQUIPMENT		
	30 June 2009		
	Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R
		Community R	Leased Assets R
		Other R	Total R
	Carrying values at 1 July 2008	71 731 847	153 451 906
	Cost	116 024 190	209 404 240
	Accumulated depreciation	(44 292 343)	(55 952 334)
	Opening Balance	(44 292 343)	(55 952 334)
	- Revaluation	-	-
	Acquisitions	4 893 381	29 908 756
	Donated land, vehicles and equipment		2 101 616
	- At cost	-	-
	Transfers	-	-
	At Cost	-	-
	Accumulated Depreciation	-	-
	Depreciation **	(3 117 149)	(11 252 245)
	- based on cost	(3 117 149)	(11 252 245)
	- Backlog on previously not recorded		(1 299 950)
	Carrying value of disposals	(4 889 174)	-
	Cost/revaluation	(9 038 000)	-
	Accumulated depreciation	4 148 826	-
	Impairment losses	-	-
	Adjustments through profit and loss	-	-
	At cost	-	-
	Accumulated depreciation	-	-
		68 618 906	172 108 417
		62 281 979	442 103
		53 550 386	357 001 791
	Carrying values at 30 June 2009	68 618 906	172 108 417
	Cost	111 879 571	239 312 996
	Revaluation	-	-
	Accumulated depreciation	(43 260 665)	(67 204 579)
	- Cost	(43 260 665)	(67 204 579)
	- Revaluation	-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Reconciliation of Carrying Value	Land and Buildings			Infrastructure		Community		Leased Assets		Other		Total
	R		R	R	R	R		R		R		R
14 PROPERTY, PLANT AND EQUIPMENT (continued) 30 June 2008												
Carrying values at 1 July 2007	74 912 622		141 034 731		60 728 290		331 980		43 968 625		320 976 247	
Cost	146 330 692		187 760 522		74 358 182		1 474 100		61 650 746		471 574 242	
Adjustments to Cost	(9 579 424)		(175 786)		(908 769)		12 500		8 229 307		(2 422 173)	
Transferred to investment property note 16	(17 896 000)		-		-		-		-		(17 896 000)	
Accumulated depreciation	(43 942 646)		(46 550 005)		(12 721 123)		(1 154 620)		(25 911 428)		(130 279 822)	
Opening Balance	(46 602 500)		(47 407 686)		(37 651 125)		(1 142 120)		(27 329 098)		(160 132 528)	
Adjustments	2 659 854		857 680		24 930 002		(12 500)		1 417 670		29 852 706	
- Revaluation	-		-		-		-		-		-	
Acquisitions	5 120 923		21 819 504		1 580 294		55 000		9 824 380		38 400 101	
Donated vehicles and equipment -												
At cost	-		-		-		-		-		-	
Transfers	-		-		-		-		-		-	
At Cost	-		-		-		-		-		-	
Accumulated Depreciation	-		-		-		-		-		-	
Depreciation	(3 447 561)		(9 402 328)		(827 371)		(305 478)		(4 033 200)		(18 015 939)	
- based on cost	(3 447 561)		(9 402 328)		(827 371)		(305 478)		(4 033 200)		(18 015 939)	
- Backlog on previously not recorded Carrying value of disposals	(4 854 135)		-		(899)		-		(95 255)		(4 950 290)	
Cost/ revaluation	(7 952 000)		-		(2 000)		(1 315 000)		(543 504)		(9 812 504)	
Accumulated depreciation	3 097 865		-		1 101		1 315 000		448 249		4 862 214	
Impairment losses	-		-		-		-		-		-	
Adjustments through profit and loss	-		-		-		-		-		-	
At cost	-		-		-		-		-		-	
Accumulated depreciation	-		-		-		-		-		-	
Carrying values at 30 June 2008	71 731 847		153 451 906		61 480 314		81 502		49 664 549		336 410 119	
Cost	71 731 847		153 451 906		61 480 314		81 502		49 664 549		336 410 119	
Revaluation	116 024 190		209 404 240		75 027 707		226 600		79 160 928		479 843 665	
Accumulated depreciation	(44 292 343)		(55 952 334)		(13 547 393)		(145 098)		(29 496 379)		(143 433 547)	
- Cost	(44 292 343)		(55 952 334)		(13 547 393)		(145 098)		(29 496 379)		(143 433 547)	
- Revaluation	-		-		-		-		-		-	

The leased property, plant and equipment is secured as set out in Note 5.

The Municipality identified other properties, plant and equipment, with opening balances and adjustments during the year.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.

- Property, Plant and Equipment (GAMAP 17) Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Property, Plant and Equipment (GAMAP 17) Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Property, Plant and Equipment (GAMAP 17) Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Property, Plant and Equipment (GAMAP 17) Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]
- Impairments of Assets (AC 128) Entire Standard
- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
15 NON-CURRENT ASSETS HELD FOR SALE		
Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.		
* Non-current Assets Held for Sale and Discontinued Operations (AC142) Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]		
16 INVESTMENT PROPERTY		
Cost	18 008 000	17 896 000
Less: Accumulated Depreciation	30 021	27 521
Total Investment Properties	<u>17 977 979</u>	<u>17 868 479</u>
The Municipality only identified Investment Properties during the 2008/2009 financial year. The value of Investment Properties was included under Property, Plant and Equipment in the prior year. The fair value of the investment properties has not been determined in terms of the exemption in terms of the transitional provisions.		
Revenue to the amount of R Nil was earned from the Investment Properties, which is a return of nil %.		
17 INTANGIBLE ASSETS		
Cost	1 416 674	612 421
Balance 1 July 2008	612 421	448 343
Acquisitions for the year – At cost	804 253	164 078
Less: Accumulated Amortisation	(303 924)	(109 101)
Balance 1 July 2008	(109 101)	(14 306)
Accumulated Amortisation for the year	(194 823)	(94 795)
Total Intangible Assets	<u>1 112 750</u>	<u>503 320</u>
The Municipality transferred Intangible Assets (Computer Software) from Property, Plant and Equipment. The cost and accumulated amortisation were restated for the 2006 financial year. Note 14		
Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.		
* Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.		
18 BIOLOGICAL ASSETS		
The Municipality has no biological assets	–	–
19 INVESTMENTS		
Financial Instruments		
Listed	4 685	4 482
Sanlam Shares held at fair value through profit and loss 270 shares	4 685	4 482
Total Investments	<u>4 685</u>	<u>4 482</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20 LONG-TERM RECEIVABLES		
Staff Car Loans – At amortised cost	–	66 523
Provincial Government Housing Loans – At amortised cost	2 924 766	3 275 532
Provincial Government Library Services	3 898 905	
Staff Study loans – At amortised cost	115 644	70 326
Services connections – At amortised cost	474 581	529 876
Land Sales – At amortised cost	619 789	887 496
Agreements	9 612 187	7 929 082
Less : Provision for bad debts	17 645 873	12 758 836
	(13 937 538)	(7 644 604)
	3 708 334	5 114 232
Less : Current portion transferred to current receivables	(2 542 374)	(2 220 209)
Total	1 165 960	2 894 023
CAR LOANS		
Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are redeemed July 2009 or when the employee resigns.		
The car loans are secured over the asset.		
21 INVENTORY		
Consumable Stores – Stationery and materials	8 634 622	9 081 197
Total Inventory	8 634 622	9 081 197
The value of the water stock has not been determined in terms of the exemption in terms of the transitional provisions.		
22 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Water	4 002 621	4 444 278
Electricity	8 718 839	5 640 686
Housing Rentals	710 271	1 136 195
Refuse	2 691 030	2 240 085
Sanitation	3 456 222	2 918 206
Other Arrears	1 429 153	6 060 003
Total : Trade receivables from exchange transactions	21 008 136	22 439 453
Less : Provision for bad debts	(8 408 032)	(13 444 857)
Total	12 600 103	8 994 596
Debtor accounts written off during the year:		
	4 148 495	400 778
The fair value of other receivables approximate their carrying value.		
(Electricity, Water, Refuse, Sanitation and Other): Ageing		
Current (0 – 30 days)	9 794 812	8 475 306
31 – 60 Days	1 670 234	1 262 200
61 – 90 Days	997 142	901 172
+ 90 Days	8 545 948	11 800 776
Total	21 008 135	22 439 453

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	30 June 2009	Residential R	Industrial/ Commercial R	National and Provincial Government R
22	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)			
	Summary of Debtors by Customer Classification			
	Current (0 – 30 days)	3 016 455	6 734 717	43 640
	31 – 60 Days	1 024 143	644 512	1 578
	61 – 90 Days	741 999	253 778	1 364
	+ 90 Days	7 251 389	1 254 644	39 915
	Sub-total	12 033 986	8 887 652	86 498
	Less: Provision for bad debts	(7 305 316)	(1 060 620)	(22 262)
	Total debtors by customer classification	4 728 670	7 827 031	64 236
	30 June 2008	R	R	R
	Current (0 – 30 days)	2 809 168	5 304 499	361 638
	31 – 60 Days	870 055	363 206	28 939
	61 – 90 Days	702 150	172 004	27 018
	+ 90 Days	5 712 777	1 798 556	4 289 442
	Sub-total	10 094 151	7 638 264	4 707 037
	Less: Provision for bad debts	(6 048 027)	(4 576 554)	(2 820 276)
	Total debtors by customer classification	4 046 124	3 061 710	1 886 762
Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.				
23	OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
	Taxes – Rates	4 060 952	3 455 397	
	Availability Charges	2 143 205	1 725 714	
	Other Debtors	669 454	415 327	
	Taxes – VAT			
	Other Debtors	6 873 612	5 596 438	
	Less : Provision for bad debts	(4 362 685)	(3 353 171)	
	Total	2 510 927	2 243 267	
	Rates: Ageing			
	Current (0 – 30 days)	1 114 764	706 290	
	31 – 60 Days	220 236	237 322	
	61 – 90 Days	122 629	175 784	
	+ 90 Days	2 603 323	2 336 001	
	Total	4 060 952	3 455 397	
	Availability Charges: Ageing			
	Current (0 – 30 days)	134 444	98 556	
	31 – 60 Days	72 646	64 173	
	61 – 90 Days	57 946	57 068	
	+ 90 Days	1 878 169	1 505 917	
	Total	2 143 205	1 725 714	

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The fair value of other receivables approximate their carrying value.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24	2009 R	2008 R
CASH AND CASH EQUIVALENTS		
<i>Assets</i>		
Call Investment Deposits	92 146 276	51 082 923
Primary Bank Account	3 949 482	17 579 162
Cash Floats	7 507	7 227
Total Cash and Cash Equivalents – Assets	96 103 264	68 669 312
<i>Liabilities</i>		
Primary Bank Account (Overdraft)	–	–
Total Cash and Cash Equivalents – Liabilities	–	–
The effective interest rate was 6,98% (2008: 6,3%).		
The Municipality has the following bank accounts: –		
<i>Current Account (Primary Bank Account)</i>		
ABSA – Account Number 1050000008 (Primary Account)	8 467 487	17 402 582
ABSA – Account Number 4062728351	3 100	2 400
	<u>8 470 587</u>	<u>17 404 982</u>
Cash book balance at beginning of year	17 579 162	23 227 056
Cash book balance at end of year	<u>3 949 482</u>	<u>17 579 162</u>
Bank statement balance at beginning of year – (overdrawn)	17 404 982	30 921 015
Bank statement balance at end of year – (overdrawn)	<u>8 470 587</u>	<u>17 404 982</u>
The Municipality has the following investments: –		
Nedbank – Account Number 18662451/9998	31 974	28 847
Nedbank – Account Number 03/7881034971/000008	31 277 260	25 288 219
Standard bank – Account Number 288474023-002	30 590 301	25 765 856
ABSA – Account Number 2069170658	<u>30 246 740</u>	<u>25 765 856</u>
	<u>92 146 276</u>	<u>51 082 923</u>
Amount ringfenced in investments -Fixed and Call- Accounts in order to fund the Capital Replacement Reserve	32 992 064	29 451 578
Amount ringfenced in investments -Fixed and Call- Accounts- in order to fund the Unspent Conditional Grants	5 089 927	6 643 949
The effective interest rate was 6,98% (2008: 6,98%).		
Investments made to serve as collateral security for staff housing loans:	31 974	28 847
25		
PROPERTY RATES		
<i>Actual</i>		
Property Rates Levied	25 924 823	39 816 051
Less: Income Foregone	(5 601 124)	(19 493 197)
Total Assessment Rates	<u>20 323 699</u>	<u>20 322 854</u>
<i>Valuations</i>		
Taxable properties	01 July 2008	01 July 2007
	5 946 719 730	5 765 790 730
Total Property Valuations	<u>5 946 719 730</u>	<u>5 765 790 730</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2003. The basic rate was 1,67 c per Rand on land and buildings (2007 = 1,59c/R). There are 15 926 properties of which 13 430 are residential. Pensioners qualify for discounts of 20-40%

Rates are levied monthly and payable by the 7th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
26		
SERVICE CHARGES		
Sale of electricity	118 556 472	93 528 960
Sale of Water	20 814 939	19 900 210
Waste Management charges	14 813 424	14 492 529
Waste Water Management charges	11 044 307	10 536 050
Private Works	–	–
Total Service Charges	165 229 142	138 457 749
Electricity		
Units bought/generated	277 957 301	269 658 444
Units sold	260 178 449	248 917 218
Units lost in distribution	17 778 852	20 741 226
Units lost in distribution (%)	6,396%	7,692%
Cost per unit bought/generated (cents)	R 0,347	R 0,264
Loss in Distribution (at cost)	R 6 162 145	R 5 478 459
Water		
Units bought/treated	7 068 340	6 545 378
Units sold	5 128 221	5 188 202
Units lost in distribution	1 940 119	1 357 176
Units lost in distribution (%)	27,448%	20,735%
Cost per unit sold (cents)	R 3,942	R 3,451
Loss in Distribution (at selling price)	R 7 647 895	R 4 682 948
27		
GOVERNMENT GRANTS AND SUBSIDIES		
UNCONDITIONAL GRANTS		
Operating Grants	27 025 097	20 085 293
Equitable Share	27 025 097	20 085 293
In terms of the Constitution, this grant is an unconditional grant. The grant is primarily used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to basic charges for Electricity, Refuse Removal, Sewerage and Water Services, which subsidy is adjusted as tariffs increase. All residential households receive 6 kl water and indigent households receive between 20 and 50 kwh electricity free every month.		
CONDITIONAL GRANTS		
Operating Grants	3 242 280	1 655 825
Finance Management Grant	798 779	481 905
Municipal Systems Improvement Grant	798 232	438 624
Other	1 645 269	735 296
Capital Grants		
Municipal Infrastructure Grant	19 934 862	9 946 566
Housing Grant	7 669 165	1 786 401
Other	10 713 700	4 589 033
	1 551 997	3 571 132
Total Government Grants and Subsidies	50 202 239	31 687 684

(See Appendix "F" for a reconciliation of all grants).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
28 OTHER INCOME		
Other income represents sundry income such as certificates, cemetery charges and photocopies	11 589 830	5 164 823
	—	—
Total Other Income	11 589 830	5 164 823
2008	Balance Previously Reported	Balance now Reported
Other Income	4 179 246	5 164 823
29 EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	50 759 473	43 150 955
Employee related costs – Contributions for UIF, pensions and medical aids	12 255 997	10 402 614
Travel, motor car, accommodation, subsistence and other allowances	4 119 944	3 847 095
Housing benefits and allowances	769 920	662 049
Overtime Payments	3 067 597	2 791 184
Bonus	4 783 814	3 718 842
Staff Leave	869 757	690 565
Contribution to employee benefits -Long Service Awards – Note 7	475 146	296 854
Contribution to employee benefits – Post Retirement Medical – Note 7	1 075 073	927 543
	78 176 721	66 487 702
Less: Employee Costs Capitalised	78 176 721	66 487 702
Total Employee Related Costs	78 176 721	66 487 702
2008	Balance Previously Reported	Balance now Reported
Employee related costs – Salaries and Wages	44 022 511	43 150 955
Contribution to employee benefits -Long Service Awards – Note 7	(871 556)	296 854
Contribution to employee benefits – Post Retirement Medical – Note 7	296 854	296 854
	927 543	927 543
The Municipality pays for the medical aid of retired officials. There are currently fourty six retired officials who qualify for this benefit.		
The contribution to medical expenses of retired officials and/or their spouses		
	801 813	774 688
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
29 EMPLOYEE RELATED COSTS (continued)		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>MUNICIPAL MANAGER: S A MOKWENI</i>		
From 5 April 2007		
Salary	525 405	448 282
Travel Allowance	153 988	132 710
Risk Allowance		8 333
Performance Bonus	103 854	23 881
Pension	95 283	78 905
Medical Aid	16 686	14 011
Equipment Allowance		6 808
Housing Allowance		6 539
Office Allowance	12 736	24 000
U.I.F.		117
Entertainment Allowance		6 694
Sundry		28 997
Compensating Allowance		
Travelling	12 906	9 542
Subsistence	714	1 977
Total	921 572	790 796
<i>CHIEF FINANCIAL OFFICER: C F HOFFMANN</i>		
From 1 June 2007		
Salary	410 000	375 000
Travel Allowance	140 780	133 133
Performance Bonus	59 675	
Pension	74 087	67 763
Medical Contribution	21 409	20 012
U.I.F.		
Compensating Allowance		
Travelling	10 900	7 942
Subsistence	1 089	5 644
Total	717 940	609 493
<i>DIRECTOR: INFRASTRUCTURE DEVELOPMENT: J DE K JOOSTE</i>		
Salary	346 560	320 000
Travel Allowance	158 513	160 158
Performance Bonus	59 675	43 688
Pension	83 175	57 600
Medical Contribution	29 314	27 670
Leave Payout		29 582
U.I.F.		
Entertainment Allowance	28 715	31 319
Sundry	1 074	
Compensating Allowance		
Travelling	4 434	
Subsistence	115	84
Total	711 575	670 101

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
29		
EMPLOYEE RELATED COSTS (continued)		
REMUNERATION OF KEY MANAGEMENT PERSONNEL, continued		
<i>DIRECTOR: COMMUNITY DEVELOPMENT : M J MHLOM</i>		
From 1 February 2007		
Salary	420 000	360 000
Travel Allowance	123 603	106 800
Housing Allowance		11 495
Performance Bonus	59 675	17 522
Pension	75 600	64 800
Medical Contribution	13 421	12 024
Equipment Allowance	7 144	16 010
Office Allowance	6 509	14 400
U.I.F.		
Entertainment Allowance		11 217
Sundry		15 153
Compensating Allowance		
Travelling	2 462	9 770
Subsistence	2 717	8 821
Total	711 131	648 012
<i>DIRECTOR: CORPORATE SERVICES: A W J EVERSON</i>		
From 1 June 2007		
Salary	416 800	380 000
Travel Allowance	125 613	123 345
Performance Bonus	77 577	
Pension	75 024	68 400
Medical Contribution	22 349	19 008
Leave Payout	24 857	
Equipment Allowance	6 491	5 994
U.I.F.		
Sundry		3
Compensating Allowance		
Travelling	15 463	6 139
Subsistence	813	2 206
Telephone		
Total	764 987	605 095
<i>DIRECTOR: STRATEGIC SERVICES AND ECONOMIC DEVELOPMENT: P R ESAU</i>		
From 1 October 2006		
Salary	104 103	384 500
Bonus		27 728
Travel Allowance	39 186	143 903
Performance Bonus		31 946
Pension		69 210
Medical Contribution		10 814
Leave Payout	11 668	
Sundry	21 442	
Total	176 399	668 101

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
30 REMUNERATION OF COUNCILLORS		
EXECUTIVE MAYOR: SJ NGONYAMA		
Allowance	365 056	350 472
Transport	129 674	116 824
Telephone/Cell phone	15 984	14 400
Pension fund	36 571	
Sundry		11 218
Housing	6 929	
U.I.F.	125	
	<u>554 339</u>	<u>492 914</u>
DEPUTY EXECUTIVE MAYOR: CJ GROOTBOM		
Allowance	289 852	280 377
Transport	103 739	93 459
Telephone/Cell phone	15 984	14 400
Pension fund	28 469	
Medical aid		
Sundry	5 178	1 440
U.I.F.	125	
Compensating Allowance		
Substance	213	
	<u>443 560</u>	<u>389 676</u>
SPEAKER: M W H DU PREEZ		
Allowance	311 219	280 377
Transport	103 739	93 459
Telephone/Cell phone	15 984	14 400
Pension fund		
Sundry		1 440
U.I.F.	125	
Compensating Allowance		
Travelling	858	
Substance	1 446	
	<u>433 371</u>	<u>389 676</u>
MEMBER OF EXECUTIVE MAYORAL COMMITTEE: C O MATTHYS		
Until 31 July 2007		
Allowance		20 376
Transport		6 792
Telephone/Cell phone		1 117
Pension fund		
Sundry		3 030
	<u>–</u>	<u>31 315</u>
MEMBER OF EXECUTIVE MAYORAL COMMITTEE: O SIMPSON		
Allowance	271 910	262 854
Transport	97 255	87 618
Telephone/Cell phone	15 984	14 400
Pension fund	26 946	
Housing	4 737	2 503
U.I.F.	125	
	<u>416 957</u>	<u>367 375</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
30 REMUNERATION OF COUNCILLORS (continued)		
<i>MEMBER OF EXECUTIVE MAYORAL COMMITTEE: E.J VOLLENHOVEN</i>		
From 10 August 2007		
Allowance	275 048	235 379
Transport	92 685	78 460
Telephone/Cell phone	15 984	12 919
Pension fund	26 946	
Medical aid	5 733	
Sundry		1 324
Housing	3 806	
U.I.F.	125	
	<u>420 327</u>	<u>328 081</u>
OTHER COUNCILLORS		
Allowance	1 589 306	1 784 637
Transport	563 839	525 818
Telephone/Cell phone	1 49 927	
Pension fund	99 349	
Medical aid	45 887	
Housing	10 906	
Compensating Allowance		
Travelling	2 486	
Substance	479	
	<u>2 462 179</u>	<u>2 310 455</u>
Total Councillors' Remuneration	<u>4 730 734</u>	<u>4 216 902</u>
In-kind Benefits		
The Executive Mayor, Deputy Executive Mayor, Mayoral Committee members and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
31 INTEREST PAID		
Long-term liabilities	6 148 436	4 386 022
Employee benefits	2 732 644	1 730 947
Total Interest on External Borrowings	<u>8 881 080</u>	<u>6 116 969</u>
2008	Balance Previously Reported	Balance now Reported
Employee benefits	1 730 947	1 730 947
32 BULK PURCHASES		
Water	1 089 587	1 105 506
Electricity	70 255 304	49 877 300
Total Bulk Purchases	<u>71 344 891</u>	<u>50 982 806</u>
33 GRANTS AND SUBSIDIES PAID		
Free Basic Services	9 748 267	7 238 310
Total Grants and Subsidies	<u>9 748 267</u>	<u>7 238 310</u>
34 CHANGES IN FAIR VALUE (LOSS)		
2008	Balance Previously Reported	Balance now Reported
Changes in Fair Value (Loss)	1 426	2 455 549

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
35 GENERAL EXPENSES		
General Expenses	32 515 543	26 377 715
General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.		
36 SURPLUS OF ASSOCIATE		
The municipality has got no shares in associates		
37 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 – IMPLEMENTATION OF GAMAP/GRAP		
Please refer to notes 7, 9, 10 and 29 for the adjustments to prior year amounts resulting from the implementation of GRAP.		
38 CORRECTION OF ERROR IN TERMS OF GRAP 3		
Prior year adjustments		
38.1 Taxes	4 017 520	
<i>Balance previously reported</i>		
<i>Implementation of GAMAP</i>	<u>(1 525 720)</u>	
VAT previously not recognised credited to Accumulated Surplus – Note 38.2	<u>2 491 801</u>	
Total		
38.2 Accumulated Surplus/(Deficit)		
VAT previously not recognised credited to Accumulated Surplus – Note 38.1	1 525 720	
Depreciation difference with asset register	<u>(11)</u>	
Total	<u>1 525 708</u>	
38.3 Capital Replacement Reserve		
Balance previously reported	29 451 578	
Amount understated	<u>254 696</u>	
Total	<u>29 706 274</u>	
39 CASH GENERATED BY OPERATIONS		
Surplus for the year	15 784 318	10 299 169
Adjustment for:-		
Depreciation	20 592 351	18 015 939
Amortisation of Intangible Assets	194 823	94 795
Loss (Gain on disposal of property, plant and equipment)	4 891 171	3 348 546
Adjustments to VAT	–	
Contribution to employee benefits	2 873 736	6 525 807
Contribution to provisions	916 043	(3 088 475)
Contributed Property, Plant and Equipment	–	–
Investment income	(10 789 908)	(8 746 970)
Interest paid	8 881 080	6 116 969
Operating surplus before working capital changes:	43 343 616	32 565 780
(Increase)/Decrease in inventories	446 575	(1 138 744)
(Increase)/decrease in debtors	(3 605 508)	(1 832 295)
(Increase)/decrease in other debtors	(267 659)	431 891
(Decrease)/increase in unspent conditional grants and receipts	(1 554 022)	(1 305 558)
Decrease/(increase) in unpaid conditional grants and receipts	(542 330)	(544 608)
Increase(decrease) in creditors	14 610 595	2 090 424
(Increase)/decrease in Taxes	2 479 259	(1 028 096)
Cash generated by/(utilised in) operations	<u>54 910 526</u>	<u>29 238 793</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

40	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following :		
	Bank balances and cash	2009	2008
	Bank overdraft	R	R
	Total cash and cash equivalents	96 103 264 – 96 103 264	68 669 312 – 68 669 312

41 ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discussed with the Audit Committee the development, selection and disclosure of the Municipality's critical accounting policies and estimates and the application of these policies and estimates.

41.1 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of trade and other receivables

The impairment of the municipality's trade and other receivables is based on incurred losses in accordance with the provisions of IAS 39. The historical loss experience of the municipality, based on observable data through the passage of time, is used to estimate the impairment of trade and other receivables. Any changes in the payment status of customers in a specific group or national or local economic conditions that correlate with defaults on the assets in the group will have an impact on the impairment of trade and other receivables.

Provisions

The provisions raised by the municipality are detailed in note 6. These provisions represent management's best estimate of the municipality's exposure. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Actual results may, however, differ from these estimates.

41.2 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE MUNICIPALITY'S ACCOUNTING POLICIES

Certain critical accounting judgements in applying the municipality's accounting policies are described below.

Revenue recognition

Accounting Policy clause 1.22 on Revenue from Exchange Transactions and Accounting Policy clause 1.22.1 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Classification as investment property

The Municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio have either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Depreciation and the carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

Determination of impairments of property, plant and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The municipality applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Determination of the recoverable amount of a cash-generating unit

Where impairment indicators exist, the determination of the recoverable amount of a cash generating unit requires management to make assumptions to determine the fair value less costs to sell. Key assumptions on which management has based its determination of fair values less costs to sell include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of the impairment.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

41 ACCOUNTING ESTIMATES AND JUDGEMENTS

Determination of the recoverable serviced amount of non-cash-generating assets

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less costs to sell and the value in use based on the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating asset.

Finance and operating leases

In determining lease classification the municipality evaluated whether leases are clearly operating leases or finance leases. Based on qualitative factors it is concluded whether leases are finance or operating leases.

Post-retirement medical benefits

The assumptions used to calculate the municipality's obligation with regards to post-retirement medical benefits, ex gratia pension payments and long service awards as more fully described in note XX. Any changes to these assumptions will have an impact on the liability at the reporting date and the related expenses to be recognised in the Statement of Financial Performance.

	2009 R	2008 R
42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities - Note 5	47 581 548	33 184 163
Used to finance property, plant and equipment – at cost	47 581 548	33 184 163
Total	–	–
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
There were no fruitless- or wasteful expenditure during the year.		
"The financial statements for 2007 / 2008 were drawn up according to the GRAP standards but the budget were drawn up according to IMFO standards. The depreciation of assets as applied according to GRAP standards resulted in the budget of certain functional areas being overspent by a total of R 4,748,062. The total operating expenditure for the 2007/2008 financial year of R197 857 276 is still below the total budget of R201 317 027 for the said period. The overspending on certain functional areas was approved by the Council on 26 November 2008.		
44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
44.1 Contributions to organized local government		
Opening balance	–	–
Council subscriptions	410 579	229 948
Amount paid - current year	(410 579)	(229 948)
Amount paid - previous years	–	–
Balance unpaid (included in creditors)	–	–
44.2 Audit fees		
Opening balance	–	–
Current year audit fee	1 322 671	1 243 510
Amount paid - current year	(1 322 671)	(1 243 510)
Amount paid - previous years	–	–
Balance unpaid (included in creditors)	–	–
44.3 Pension and Medical Aid Deductions		
Opening balance	–	–
Current year payroll deductions and Council Contributions	10 809 222	9 585 781
Amount paid - current year	(10 809 222)	(9 585 781)
Amount paid - previous years	–	–
Balance unpaid (included in creditors)	–	–

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
44	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)	
44.4	Councillor's arrear consumer accounts	
	There were no Councillors who were in arrears for more than 90 days during the year.	
44.5	Non-Compliance with Chapter 11 of the Municipal Finance Management Act	
	The following purchases were made during the year where Councillors or staff have an interest:	
	Purchases from Berry Bright Trading & Investment/ Vinn Investments Nr 17, where the spouse of the former Municipal Manager has an interest	4 580
45	CAPITAL COMMITMENTS	
	Commitments in respect of capital expenditure:	
	- Approved and contracted for	11 800 000
	Infrastructure	11 800 000
	Community	-
	Other	-
		-
	This expenditure will be financed from:	
	- External Loans	11 800 000
		11 800 000

46 RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund and SAMWU National Provident Fund which is defined contribution funds. Some employees contribute to the South African Local Authorities Pension Fund which is a defined benefit fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuation was done on 31 March 2005.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The relevant law requires every fund to do an actuarial valuation at least every three years.

	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing Members
Cape Joint Pension Fund	June 2008	3 677 016	3 677 016	3
South African Local Authorities Pension Fund	June 2006	5 022 610	5 022 610	44
Cape Joint Retirement Fund	June 2008	6 906 092	6 906 092	444
SAMWU Provident Fund (*)	June 2005	873 969	873 969	154
Municipal Councillors Pension Fund	June 2006	737 970	737 970	14

NOTE (*): The results of the 30 June 2008 actuarial valuation of the SAMWU Provident Fund are not yet available.

An amount of R 8 563 936 (2007/8 = R 7 456 1343) was contributed by Council in respect of Councillors' and employees' retirement funding. These contributions have been expensed.

CHAPTER FOUR

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
47 FINANCIAL INSTRUMENTS		
47.1 Classification of Financial Instruments		
FINANCIAL ASSETS:		
In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FV/TPL = Fair Value through Profit or Loss):		
Financial Assets	121 997 126	82 805 680
Held to maturity	92 150 960	51 087 405
Investments	4 685	4 482
Listed Investments	4 685	4 482
Short-term Investment Deposits	92 146 276	51 082 923
Fixed Deposits	92 146 276	51 082 923
Loans and receivables	29 846 166	31 718 275
Long-term Receivables	13 320 521	5 114 232
Staff Car Loans - At amortised cost	2 924 766	66 523
Provincial Government Housing Loans	-	3 275 532
Provincial Government Library Services	-	-
Staff Study loans - At amortised cost	115 644	70 326
Services connections - At amortised cost	474 581	529 876
Land Sales - At amortised cost	193 343	685 496
Agreements	9 612 187	486 478
Other Receivables from Non-Exchange transactions	2 510 927	2 243 267
Assessment Rates	1 544 030	1 615 397
Availability Charges	319 635	225 714
Other Debtors	647 263	402 156
Trade Receivables from Exchange transactions	12 600 103	8 994 596
Water	1 871 426	1 244 278
Electricity	7 747 962	4 140 686
Housing Rentals	45 500	136 195
Refuse	1 046 915	840 085
Sanitation	1 344 040	918 206
Other Arrears	544 261	1 715 146
Current Portion of Long-term Receivables	(2 542 374)	(2 220 209)
Current Portion of Long-term Receivables	(2 542 374)	(2 220 209)
VAT Receivable	-	-
VAT Control Accounts	-	-
Cash and cash equivalents	3 956 989	17 586 389
Bank Balances	3 949 482	17 579 162
Cash Floats and Advances	7 507	7 227

CHAPTER FOUR

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
47 FINANCIAL INSTRUMENTS (continued)		
47.1 Classification of Financial Instruments <i>continued</i>		
FINANCIAL LIABILITIES:		
In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:		
Other Financial Liabilities	47 581 548	31 522 364
Long-term Liabilities		
Annuity Loans	45 831 978	29 885 136
Other Loans	45 521 793 310 185	29 829 376 55 759
Current Portion of Long-term Liabilities		
Annuity Loans	1 749 570	1 637 228
Other Loans	1 570 939 178 631	1 605 413 31 816
Non-current Provisions		
Rehabilitation of Land-fill Sites	3 342 318 3 342 318	3 600 540 3 600 540
Employee Benefits		
Bonus	11 743 045	10 435 765
Performance Bonus	2 266 609	1 951 325
Accumulated leave	338 849	336 350
Long Service Awards	5 503 602 3 633 984	4 705 086 3 443 004
Provisions		
Current Portion of Rehabilitation of Land-fill Sites	–	–
Consumer Deposits		
Electricity and Water	4 598 639 4 598 639	4 336 523 4 336 523
Creditors		
Trade payables	30 020 400	12 930 546
Payments received in advance	22 553 959	9 308 550
Insurance Claims	2 387 735	759 791
Suspense	430 707	–
Retentions and Guarantees	235 502	49 184
Deposits: Other	166 747	687 862
Taxes	1 498 457 2 747 293	1 857 125 268 034

47.2 Fair Value of Financial Instruments

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the Fair Value of Derivative Instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the Fair Value of Financial Guarantee Contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.